

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
OCTOBER 26, 2016
APPLICATION SUMMARY**

NAME OF PROJECT: TrustPoint Hospital, LLC

PROJECT NUMBER: CN1606-024

ADDRESS: 1009 North Thompson Lane
Murfreesboro, TN (Rutherford County), TN 37129

LEGAL OWNER: Acadia Healthcare Company, Inc.
6100 Tower Circle, Suite 1000
Franklin (Williamson County), TN 37067

OPERATING ENTITY: N/A

CONTACT PERSON: E. Graham Baker, Attorney
(615) 370-3380

DATE FILED: June 15, 2016

PROJECT COST: \$57,320,105

FINANCING: Commercial Loan

PURPOSE FOR FILING: The addition of 88 licensed psychiatric hospital beds

DESCRIPTION:

TrustPoint Hospital, LLC (formerly, SeniorHealth of Rutherford, LLC) is a general acute care hospital located in Murfreesboro (Rutherford County) TN, owned and managed by Acadia Healthcare Company, Inc. proposes to increase licensed inpatient beds from 129 to 217 beds as follows: Adult Psychiatric Beds for ages 18-64 will increase from 59 to 111 beds; and Geriatric Psychiatric Beds will remain at 36 beds; Medical Detoxification Beds will remain at 18 beds; Physical Rehabilitation Beds will increase from 16 beds to 24 beds; Child Psychiatric beds will increase from no beds to 14 beds; and Adolescent Beds will also increase from no beds to 14 beds. In addition to the requested 88 additional psychiatric beds, there will be (32) residential beds (not subject to CON review,

**TrustPoint Hospital
CN1606-024
October 26, 2016
PAGE 1**

but built to hospital standards) that will be located in the newly constructed building, 16 beds for adolescents and 16 for children. This project involves the construction of a new 119,500 SF new building and a 4,500 SF connector to the existing facility, plus 3,372 SF to be added to the existing facility.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

Psychiatric Inpatient Services

A. Need

1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in Joint Annual Reports).

See below

2. For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.

2020 Population: Primary Service Area

Age 18 and older 306,610 X 30 beds/100,000 = 92 beds

Age 65+ 39,533 X 30 beds/100,000 = 12 beds

3. For child inpatient under age 13, and if adolescent program the age group of 13-17 should be used.

2020 Population: Primary Service Area

Age 13-17 28,859 X 30 beds/100,000 = 8.6 beds

4. These estimates for total need should be adjusted by the existent staffed beds operating in the area as counted by the Department of Health in the Joint Annual Report.

TrustPoint Hospital

CN1606-024

October 26, 2016

PAGE 2

Service Area	Population 2020			Gross Need Pop. X (30 beds/100,000)			Current Beds			Net Need		
	Adult 18+	Adult 18- 64	65+	Adult 18+	Adult 18-64	65+	Adult 18+	Adult 18-64	65+	Adult 18+	Adults 18-64	65+
Rutherford and Bedford Counties	306,610	234,180	39,533	92	70.25	12	95	59	36	+3	+11.25	-24

Source: CN1606-024

Service Area	Population 2020		Gross Need Pop. X (30 beds/100,000)		Current Beds		Net Need	
	Child 0-12	Adolescent 13-17	Child 0-12	Adolescent 13-17	Child 0-12	Adolescent 13-17	Child 0-12	Adolescent 13-17
Rutherford and Bedford Counties	75,480	28,859	22.6	8.6	0	0	+22.6	+8.6

Source: CN1606-024

According to the TDH Report, TrustPoint is the only psychiatric hospital in the proposed 2 county service area. TrustPoint currently operates 72 psychiatric beds (44 adult and 28 geriatric) but is approved for 95 psychiatric beds (59 adult and 36 geriatric) which equals to 18 adult and 8 geriatric unimplemented beds.

Bed Formula for Adults 18 and over

*Subtracting the 95 existing beds from the 92 adult psychiatric bed need results in a net bed surplus of 3.0. The applicant is requesting an additional 52 beds which equates to a future **surplus** of 55 beds if approved.*

It appears that this criterion has not been met.

Bed Formula for Adults 18-64

*When considering only adult beds for ages 18-64, there is a projected need in 2020 of 70.25 beds. Subtracting 70.25 beds from the 59 existing adult psychiatric bed total results in a net bed need of 11.25 adult beds for ages 18-64. The applicant is requesting an additional 52 beds which equates to a future **surplus** of 40.75 adult 18-64 psychiatric beds if approved.*

When considering only the age 18-64 adult population in the bed need formula, it appears that this criterion has not been met.

Bed Formula for Adults 65 and over

Applying this formula to only the age 65+ population results in a projected bed surplus in 2020 of 24 beds (12.0 projected bed need

TrustPoint Hospital

CN1606-024

October 26, 2016

PAGE 3

minus current beds of 36. The applicant is not requesting any additional geriatric beds.

When considering only the age 65+ population in the bed need formula, it appears that this criterion is not applicable.

Bed Formula for Children 0-12

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for child Psychiatric Services (Ages 0 to 12) in Bedford and Rutherford County to be 22.6 beds. Currently, there are no inpatient pediatric services in Bedford or Rutherford Counties. The applicant proposes 14 child psychiatric beds.

It appears that this criterion has been met.

Bed Need for Adolescents 13-17

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Adolescent Psychiatric Services (Ages 13 to 17) in Bedford and Rutherford County to be 8.6 beds. Currently, there are no inpatient adolescent services in Bedford or Rutherford Counties. The applicant proposes 14 adolescent beds.

It appears that this criterion has partially been met.

Bed Need for Child/Adolescents 0-17

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Child/Adolescent Psychiatric Services (Ages 0-17) in Bedford and Rutherford County to be 31.30 beds. Currently, there are no inpatient adolescent services in Bedford or Rutherford Counties. The applicant proposes 14 child beds and 14 adolescent beds.

It appears that this criterion has been met.

Note to Agency members: Recent inpatient psychiatric applications reviewed by The Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS), TDMHSAS staff stated the following regarding the inpatient need formula: "Tennessee's Health Guidelines for Growth sets the population-based estimate for the total need for psychiatric inpatient services at 30 beds per 100,000 general population. These Guidelines do not further stratify those numbers for special populations or age groups. The application of the formula sometimes

TrustPoint Hospital

CN1606-024

October 26, 2016

PAGE 4

results in an underestimation of the number of inpatient psychiatric beds needed due to a number of factors: bed utilization, willingness of the provider to accept emergency involuntary admission, the extent to which the provider serves the TennCare population and/or the indigent population, the number of beds designated as "specialty" beds or beds designated for specific diagnostic categories. These factors impact the availability of beds for the general population as well as for specialty populations, depending on how the beds are distributed. Other influencing factors include the number of existing beds in the proposed service area, bed utilization and TDMHSAS' support for community services for people to increase family involvement, utilization of the person's community support system and access to aftercare." Source: TDMHSAS Review of Erlanger Behavioral Health, CN1603-12A.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity or the Community Service Agency.

The service area is based upon the applicant's current patient origin. The applicant estimates that at least 72% of Year One admissions will originate from Rutherford and Bedford Counties.

It appears that this criterion has been met.

2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

Those requiring voluntary and involuntary inpatient psychiatric services will receive services closer to their homes which will provide greater patient accessibility, support system, and family participation.

The applicant notes major depression that requires intensive treatment affects 9.1% of the pre-teen and teenage. If approved, a total of 14 child psychiatric beds and 14 adolescent psychiatric beds will be added to a service area where there are currently no inpatient psychiatric beds available for those 0-17 years of age.

TrustPoint Hospital

CN1606-024

October 26, 2016

PAGE 5

It appears that this criterion has been met.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.

There are no identified state, city, county, or regional planning documents.

This criterion does not apply to this application.

2. The proposal's relationship to underserved geographic areas and underserved population groups as identified in state, city, county and/or regional plans and other documents should be a significant consideration.

According to the U.S. Department of Health and Human Resources, all of Bedford County and one tract in Rutherford County is a medical underserved area.

It appears that this criterion has been met.

3. The impact of the proposal on similar services supported by state appropriations should be assessed and considered.

Middle Tennessee Mental Health Institute (Davidson County) serves service area residents and supported by state appropriation. A study of the impact upon the Regional Mental Health is not available.

It appears that sufficient data is not available to determine if this criterion is met.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

The applicant accepts involuntary admissions. In the supplemental response, the applicant indicates the total involuntary admissions hospital-wide for the applicant in 2015 was 1,538, or approximately

TrustPoint Hospital

CN1606-024

October 26, 2016

PAGE 6

68.4% of admissions. TrustPoint has a unique arrangement with the Rutherford County Mental Health Court that allows the presiding judge to conduct involuntary commitment court hearings on-site which prevents the need to transport patients to the Rutherford County Court House.

It appears that this criterion has been met.

5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

The applicant projects a payor mix of 11% TennCare and 38% Medicare.

It appears that this criterion has been met.

D. Relationship to Existing Similar Services in the Area

1. The area's trends in occupancy and utilization of similar services should be considered.

There are no similar services in the 2 county primary service area (Rutherford and Bedford Counties). The overall utilization of all psychiatric inpatient acute facilities (MTMHI included) in Rutherford and contiguous counties increased 9.7% from 187,550 patient days in 2012 to 205,865 days in 2014.

It appears that this criterion has been met.

2. Accessibility to specific special need groups should be an important factor.

The applicant serves a significant number of elderly, low-income, indigent individuals, as well as psychiatric patients with a medical diagnosis.

It appears that this criterion has been met.

E. Feasibility

The ability of the applicant to meet Tennessee Department of Mental Health and Substance Abuse Services (DMHSAS) licensure requirements (related to personnel and staffing for psychiatric inpatient facilities) should be considered.

TrustPoint Hospital is an acute care hospital which is licensed by the Tennessee Department of Health. The applicant confirmed that it understood licensure requirements and that it is Joint Commission accredited.

It appears the application meets this criterion.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

ACUTE CARE BED NEED SERVICES

1. The following methodology should be used and the need for hospital beds should be projected four years into the future from the current year:

Using the latest utilization and patient origin data from the Joint Annual Report of Hospitals and the most current population projection series from the Department of Health, perform the following:

Step 1

Determine the current Average Daily Census (ADC) in each county.

$$\text{ADC} = \frac{\text{Patient Days}}{365 \text{ (366 in leap year)}}$$

Step 2

To determine the service area population (SAP) in both the current and projected year:

- a. Begin with a list of all the hospital discharges in the state, separated by county, and showing the discharges both by the county where

TrustPoint Hospital

CN1606-024

October 26, 2016

PAGE 8

the patient actually lives (resident discharges), and the county in which the patient received medical treatment.

- b. For the county in which the hospital is (or would be) located (service county), determine which other counties have patients who are treated in your county (resident counties). Treat all of the discharges from another state as if that whole state were a single resident county. The total discharges of residents from another state should be calculated from state population estimates and the latest National Center for Health Statistics southeastern discharge rates.
- c. For each resident county, determine what percent of their total resident discharges are discharged from a hospital in your service county (if less than one percent, disregard).
- d. For each resident county, apply the percentage determined above to the county's population (both projected and current). Add together the resulting numbers for all the resident counties and add that sum to the projected and current population of your service county. This will give you the service area population (SAP).

Step 3

Determine projected Average Daily Census as:

$$\text{Projected ADC} = \text{Current ADC} \times \frac{\text{Projected SAP}}{\text{Current SAP}}$$

Step 4

Calculate Projected Bed Need for each county as:

$$\text{Projected Need} = \text{Projected ADC} + 2.33 \times \square \text{Projected ADC}$$

However, if projected occupancy:

$$\text{Projected Occupancy: } \frac{\text{Projected ADC}}{\text{Projected Need}} \times 100$$

is greater than 80 percent, then calculate projected need:

$$\text{Projected Need} = \frac{\text{Projected ADC}}{.8}$$

Tennessee Department of Health's (TDH) Acute-Care Bed Need Projections Report for 2016 and 2020 indicates that the applicant's 2-county service area will have a licensed bed surplus of 133 beds in CY2020 (as reflected in the TDH project summary). The bed surplus projections are based on the number of licensed beds reported to TDH in the CY2014 Joint Annual Report of Hospital providers (JAR), which was 551 beds in the service area minus the calculated needed beds, which were 418 beds projected for 2020.

It appears that the applicant does not meet this criterion.

2. New hospital beds can be approved in excess of the "need standard for a county" if the following criteria are met:
 - a) All existing hospitals in the projected service area have an occupancy level greater than or equal to 80 percent for the most recent Joint Annual Report. Occupancy should be based on the number of licensed beds that are staffed for two consecutive years.

According to the 2014 JAR published by the Tennessee Department of Health, there were 551 licensed and 542 staffed acute care beds in the applicant's service area. The licensed and staffed bed occupancy was 55.3% and 56.2%, respectively during the period.

It appears that this criterion has not been met.

- b) All outstanding CON projects for new acute care beds in the proposed service area are licensed.

The applicant has 28 beds yet to be implemented. No other hospital has unimplemented projects in the service area.

It appears that this criterion has not been met.

- c) The Health Facilities Commission may give special consideration to acute care bed proposals for specialty health service units in tertiary care regional referral hospitals.

It appears that this criterion is not applicable.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

COMPREHENSIVE INPATIENT REHABILITATION SERVICES

1. The need for comprehensive inpatient rehabilitation beds shall be determined by applying the guideline of ten beds per 100,000 population in the service area of the proposal.

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Comprehensive Inpatient Rehabilitation beds in Bedford and Rutherford County to be 41 beds. Currently the applicant has 16 rehab beds. Subtracting the current 16 beds from the total bed need, results in a total need for 25 beds.

It appears that the application does meet this criterion.

2. The need shall be based upon the current year's population and projected four years forward.

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the comprehensive inpatient rehabilitation services bed need based upon the current year's population and projected four years forward.

It appears that the application does meet this criterion.

3. Applicants shall use a geographic service area appropriate to inpatient rehabilitation services.

The applicant has chosen Bedford and Rutherford Counties as the service area for its inpatient rehabilitation service, which has received a majority of its admissions from residents of these two counties.

It appears that the application does meet this criterion.

4. Inpatient rehabilitation units in acute care hospitals shall have a minimum size of 8 beds.

TrustPoint Hospital

CN1606-024

October 26, 2016

PAGE 11

The SMC application is to add 5 beds to existing 19 bed rehabilitation unit for a total of 24 beds.

It appears that the application meets this criterion.

5. Freestanding rehabilitation hospitals shall have a minimum size of 50 beds.

This criterion is not applicable.

6. Additional inpatient rehabilitation beds, units, or freestanding hospitals should not be approved by the HSDA, unless all existing units or facilities are utilized at the following levels:

20-30 bed unit	~ 75%
31-50 bed unit/facility	~ 80%
51 bed plus unit/facility	~ 85%

Currently, TrustPoint's inpatient rehabilitation unit is operating at 84% licensed occupancy.

It appears that the application meets this criterion.

7. The applicant must document the availability of adequate professional staff, as per licensing requirements, to deliver all designated services in the proposal. It is preferred that the medical director of a rehabilitation hospital be a board certified physiatrist.

The applicant currently staffs a 19 bed unit and foresees no difficulty in staffing 5 additional beds. The applicant employs a Board Certified Physiatrist.

It appears that the application intends to meet this criterion.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italic.

Application Synopsis

TrustPoint Hospital, formerly SeniorHealth of Rutherford, is a 129 bed hospital licensed by the Department of Health, which began operations in August 2012. If approved, the total licensed bed complement of TrustPoint will increase from 129 to 217 beds. The majority of the proposed eighty-eight additional beds will be located in a newly constructed 119,500 square foot building. In addition, an approximate 4,500 square foot covered connector to the existing facility, and an additional 3,372 square feet will be added to the existing facility. The proposal also includes 32 child/adolescent residential care beds (licensed by the Tennessee Department of Health and Substance Abuse Services) that are not subject to CON review that will be located in the newly constructed building. The projected completion date of the proposed project is September 2019.

TrustPoint Hospital currently provides inpatient adult (59 beds) and geriatric psychiatric (36 beds), medical detoxification (18 beds), and rehabilitation services (16 beds). If approved, TrustPoint Hospital will offer for the first time inpatient child psychiatric services (14 beds) and adolescent inpatient psychiatric services (14 beds). The applicant provides an overview of each existing and proposed inpatient service on pages 15-17 of the application.

TrustPoint Hospital also provides psychiatric intensive outpatient services (IOP) for individuals 18 and older 5 days per week in two 3 hour sessions. The IOP program is used as a step down from inpatient hospitalization or as an alternative for individuals who can be treated in a less intensive environment.

Facility Information

- The current facility opened in September 2012.
- A pharmacy operated under contract with PharmaSource/OmniCare is located on the 1st floor of the existing hospital.
- A new building (199,500 GSF) will be constructed which will contain a majority of the new beds being requested.
- An approximate 3,372 GSF addition to the existing hospital will house an additional 7 rehabilitation beds.
- A 4,500 GSF covered connector will be added between the new building and the existing building.

TrustPoint Hospital

CN1606-024

October 26, 2016

PAGE 13

The following chart displays the current and proposed bed complement.

Private/Semi-Private Room and Bed Mix

Bed Type	Current Private Rooms/Beds		Current Semi-Private Rooms/Beds			Proposed Private Rooms/Beds		Proposed Semi-Private Rooms/Beds	
	Rooms	Beds	Rooms	Beds		Rooms	Beds	Rooms	Beds
Child Psych	0	0	0	0		0	0	7	14
Adolescent Psych	0	0	0	0		0	0	7	14
Adult Psych	2	2	21	42		1	1	55	110
Geriatric Psych	0	0	14	28		0	0	18	*36
Medical Detox	8	8	1	2		18	18	0	*0
Physical Rehab	19	19	0	0		24	24	0	0
TOTAL	29	29	36	72		43	43	87	174

Source: CN1606-024, Supplemental #1.

*Bed changes were approved under CN1502-006A.

- All psychiatric inpatient services beds will consist of semi-private beds except for one private adult inpatient psychiatric bed.
- All medical detox and physical rehabilitation beds will be 100% private.

The following chart displays the proposed patient care units in Phase II of the proposed construction, as well as the location of all inpatient beds on the TrustPoint Hospital campus.

- The 2nd floor of the existing hospital will be converted to two units with a combined total of 59 inpatient beds that will specialize in psychiatric services to patients that are involuntarily admitted.
- The 1st floor of the existing hospital will continue to house a physical rehabilitation unit and Medical Psychiatry/ Detox unit and will consist entirely of private beds.
- The 1st and 2nd floor of the new building will house 5 specialized psychiatric units representing a total of 116 beds.

Current and Proposed Location of Inpatient Units/Beds

Hospital Floor	Current Unit Type	Number of Beds (Licensed /Staffed)	# Rooms Private, Semi-Pvt, Other	Proposed Unit Type	Number of Beds (Licensed /Staffed)	# Rooms Private, Semi-Pvt, Other
2nd Floor Existing Hospital	Gero Psych Behavioral Unit	28	14 semi-private	Adult Psych-Accepts Involuntary Admissions	28	14 semi-private
	Adult General Psych	31	15 semi-private, 1 private	Adult Psych-Accepts Involuntary Admissions	31	15 semi-private, 1 private
1st Floor Existing Hospital	Physical/Medicine Rehab	19	19 private	Physical Medicine/Rehab	24	24 Private
	Adult Affective Disorder Psychiatry	13	6 semi; 1 private			
	Medical Psychiatry /Detox	10	8 private; 1 semi-private	Medical Psychiatry/ Detox	18	18 Private
1st Floor New Building				Child Psychiatry	14	7 semi-private
				Adolescent Psychiatry	14	7 semi-private
				Geri Psych Behavioral Unit	36	18 semi-private
2nd Floor New Building				Adult Affective Disorder Psychiatry	28	14 semi-private
				Adult co-occurring disorder psychiatry	24	12 semi-private
Total		101			217	

Source: CN1606-024 Supplemental #1.

Ownership

The ownership structure for the applicant is as follows:

- The applicant, TrustPoint Hospital, LLC, is 100% owned by FenX Healthcare, LLC, which is 100% owned by Polaris Hospital, LLC. Acadia Healthcare Company Incorporated owns 100% of Polaris Hospital Holdings, LLC.

TrustPoint Hospital

CN1606-024

October 26, 2016

PAGE 15

- Acadia Healthcare Company Inc. operates a network of 587 behavioral facilities with approximately 17,400 beds in 39 states, the United Kingdom and Puerto Rico.
- The following Acadia facilities are located in Tennessee: Inpatient Psychiatric (3): Crestwyn Behavioral Health (Memphis, TN), Delta Medical Center of Memphis (Memphis, TN), and TrustPoint Hospital (Murfreesboro, TN); Residential Alcohol and Substance Abuse Treatment Program (2): Mirror Lake Recovery Center (Burns, TN); Village Behavioral Health (Louisville, TN); Nonresidential Substitution-Based Treatment Center for Opiate Addiction (1): Volunteer Comprehensive Treatment Center (Chattanooga, TN).

History

- **October 2006**-SeniorHealth of Rutherford, LLC filed a CON application (CN0610-089) for the establishment of a 60 bed general acute care hospital that would provide medical detoxification services (9 beds), adult inpatient psychiatric services (12 beds), geriatric inpatient psychiatric services (12 beds) and inpatient physical rehabilitation services (27 beds).
- **February 28, 2007**-The CON application (CN0610-089) was approved with an original expiration date of April 1, 2010. The CON (CN0610-089) was appealed by Vanderbilt Stallworth Hospital. The appeal was voluntarily dismissed and the expiration date for the CON was extended to March 15, 2012 to account for the time of appeal.
- **May 25, 2011**-The Agency extended the expiration date to March 15, 2013.
- **August 2012**-SeniorHealth of Rutherford, LLC was licensed and began operation.
- **October 24, 2012**-The Agency approved CN1207-031A for the addition of 16 psychiatric beds (8 Adult and 8 Geriatric) increasing the licensed bed complement from 60 beds to 76 beds (40 psychiatric, 9 medical, and 27 rehabilitation).
- **August 2013**-Ten inpatient psychiatric beds were added to the bed complement under the *10 bed provision. Total licensed beds grew to 86 (50 psychiatric, 9 medical, and 27 rehabilitation).
- **October 2014**-Ten additional inpatient psychiatric beds were added to the bed complement under the *10 bed provision. Nine of the additional beds were allocated to the psychiatric service and 1 allocated to the medical service. Total licensed beds grew to 96 (59 psychiatric, 10 medical, and 27 rehabilitation).
- **May 27, 2015**-The Agency approved CN1502-006A to increase the bed complement of TrustPoint Hospital from 96 to 129 beds: Adult Psychiatric Beds for ages 18-64 increased from 31 to 59 beds; Geriatric Psychiatric

TrustPoint Hospital

CN1606-024

October 26, 2016

PAGE 16

Beds increased from 28 to 36; Medical Detoxification beds increased from 10 to 18; and Physical Rehabilitation beds decreased from 27 to 16 beds.

**Note to Agency members: TCA 68-11-1607(g) permitted a hospital with fewer than 100 beds to increase its total number of licensed beds by ten beds over any one year period without obtaining a Certificate of Need. As of July, 1 2016 PC 1043 deleted and replaced the provision with TCA 68-11-1607 (g) (1-3) that allows any hospital, rehabilitation facility, or mental health hospital to increase its licensed bed complement by category by campus by 10% over a 3 year period without obtaining a CON. To date, the applicant has not applied PC 1043 to increase their bed complement.*

NEED

Project Need

The applicant provides the following justification in the application:

- There are no similar services in the proposed service area of Bedford and Rutherford Counties.
- The applicant is proposing 28 child/adolescent psychiatric beds in a service area where there are none. Child/adolescent patients will be able to stay within their home community in close proximity of their families.
- 45% of psychiatric inpatient admissions originate from outside the applicant's primary service area. Taking this into consideration, the unmet need for adult psychiatric beds will increase.
- There is a need for additional inpatient rehabilitation beds. The closest rehabilitation beds are located in Davidson, Cannon, Williamson, and Wilson Counties.

Service Area Demographics

Primary Service Area

TrustPoint Hospital's declared primary service area is Bedford and Rutherford Counties.

Total Population

- The total population of the primary service area is estimated at 368,643 residents in calendar year (CY) 2016 increasing by approximately 11.5% to 410,949 residents in CY 2020.
- The total population of the state of Tennessee is expected to grow 4.3% during the same timeframe.

TrustPoint Hospital

CN1606-024

October 26, 2016

PAGE 17

0-17 Population

- The total 0-17 population is estimated at 94,930 residents in 2016 increasing approximately 9.9% to 104,339 residents in 2020.
- The age 0-17 population in the State of Tennessee overall is expected to increase 2.8% during the same timeframe.

18+ Population

- The total 18+ population is estimated at 273,713 residents in 2016 increasing approximately by 12.1% to 306,610 in 2020.
- The total 18+ population in the State of Tennessee overall is expected to increase by 4.8% during the same timeframe.

65+ Population

- The total 65+ age population is estimated at 28,386 residents in CY 2016 increasing approximately 11.5% to 31,644 residents in 2020.
- The 65+ age population in the state of Tennessee overall is expected to increase 4.3% during the same timeframe.

TennCare Population

- The latest 2014 percentage of the primary service area population enrolled in the TennCare program is approximately 17.7%, as compared to the statewide enrollment proportion of 22.8%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Service Area Historical Utilization**Psychiatric Utilization Trends**

The reported regional inpatient psychiatric inpatient Joint Annual Report utilization data for the latest three available years is contained in the following table.

2012-2014 Regional Area Acute Care Hospitals Inpatient Psychiatric Beds

Facility	County	2014 Licensed Beds	Patient Days			Licensed Occupancy			% Change 2012- 2014
			2012	2013	2014	2012	2013	2014	
Stones River	Cannon	22	5,225	2,787	2,933	65.1%	34.7%	36.5%	-43.8%
TN Christian (Skyline Madison)	Davidson	102	22,152 *91 beds	25,731 *94 beds	26,006	66.7%	75%	69.0%	+17.4%
St. Thomas West	Davidson	23	5,761	5,094	4,584	68.6%	60.7%	54.6%	-20.4%
Vanderbilt	Davidson	88	28,201	27,459	28,258	88%	85.5%	88%	+2.0%
Centennial	Davidson	132	29,943	**45,381	32,900	62.1%	94.2%	68.3%	+9.9%
Summit	Davidson	0	4,449 20 beds	2,484 20 beds	n/a	61%	34%	n/a	n/a
TrustPoint Hospital	Rutherford	59		9,937 50 beds	14,959		54.4%	69.5%	
Rolling Hills	Williamson	85	22,705 80 beds	21,061 68 beds	24,666	77.8%	84.9%	75.5%	+8.6%
UMC	Wilson	49	8,500 49 beds	7,239 49 beds	6,889	47.5%	40.5%	38.5%	-18.9%
Area total w/o MTMHI		560	126,936	147,173	141,195	68.8%	73.8%	62.1%	+11.2%
MTMHI	Davidson	300	60,614	60,819	64,670	55.4%	55.5%	59.1%	+6.7%
Total		860	187,550	207,992	205,865	59.8%	67.3%	59.7%	+9.7%

Source: Joint Annual Report of Hospitals 2012-2014, Division of Health Statistics, Tennessee Department of Health

*Per Joint Annual Reports- 2012-2014

*** There is possibly a reporting error with Centennial reporting 29,480 inpatient days for major diagnostic category 19-(Mental Diseases and Disorders) on page 24 and 45,381 inpatient days on page 32 on the same Joint Annual Report for 2013.

- The overall utilization of psychiatric inpatient acute facilities (minus MTMHI) in the regional counties increased 11.2% from 126,939 patient days in 2012 to 141,195 days in 2014.
- The overall utilization of all psychiatric inpatient acute facilities (MTMHI included) in Rutherford and contiguous counties increased 9.7% from 187,550 patient days in 2012 to 205,865 days in 2014.
- In 2014 the licensed occupancy of psychiatric inpatient acute care facilities ranged from 36.5% at Stones River Hospital (Cannon County) to 88% at Vanderbilt Hospital (Davidson County).

Applicant Historical and Projected Utilization

TrustPoint Hospital is the only psychiatric inpatient provider located in Bedford and Rutherford Counties. The following are tables reflecting TrustPoint's adult and geriatric historical and projected inpatient utilization.

**TrustPoint Hospital Adult (18-64) Psychiatric Unit
Historical and Projected Utilization**

Variable	2013	2014	2015	% Change '13-'15	Year 1 2019	Year 2 2020
Adult Psych Licensed Beds	20	25	31		111	111
Adult Psych. Admissions	704	1,268	1,506	114%	3,148	3,513
Adult Psych. Pat. Days	4,042	7,751	10,871	+169%	25,185	28,105
Adult Psych ADC	11	21	30		69	77
Adult Psych % Lic. Occ.	56%	85%	96%		62%	69%

Source: CN1606-024, Supplemental #1

- TrustPoint Hospital's Adult Psychiatric inpatient days increased 169% from 4,042 in 2013 to 10,871 in 2015.
- The projected bed occupancy based on 25,185 inpatient days in Year 1 (2019) and 28,105 in Year 2 (2020) will average 62% and 69%, respectively.

**TrustPoint Hospital Geriatric (65+) Psychiatric Unit
Historical and Projected Utilization**

Variable	2013	2014	2015	% Change '13-'15	Year 1 2019	Year 2 2020
Geriatric Psych. Lic. Beds	20	25	28		36	36
Geriatric Psych. Admissions	474	606	639	+35%	758	758
Geriatric Psych. Pat. Days	5,912	7,490	8,560	+45%	9,855	9,855
Geriatric Psych. ADC	16	21	23		27	27
Geriatric Psych. % Lic. Occ.	81%	82%	84%		75%	75%

Source: CN1606-024, Supplemental #1

- TrustPoint Hospital's Geriatric Psychiatric inpatient days increased 45% from 5,912 in 2013 to 8,560 in 2015.

- The projected bed occupancy is based on 9,855 inpatients days in both Year 1 (2019) and Year 2 (2020), and will average 75% in both years.

**TrustPoint Hospital Child/Adolescent (0-17)
Psychiatric Unit Projected Utilization**

Variable	Year 1 2019	Year 2 2020
Child/Adolescent Psych. Lic. Beds	28	28
Child/Adolescent Psych. Pat. Days	6,205	7,665
Child/Adolescent Psych. ADC	17.0	21.0
Child/Adolescent Psych. % Lic. Occ.	61.0%	75.0%

- The projected bed occupancy is based on 6,205 inpatients days in Year 1 (2019) and 7,665 inpatient days in Year 2 (2020), resulting in occupancy rates of 61.0% and 75.0%, respectively.

**TrustPoint Hospital's Rehabilitation Unit
Historical and Projected Utilization**

Variable	2013	2014	2015	% Change '13-'15	Year 1 2019	Year 2 2020
Rehabilitation Lic. Beds	27	27	27		24	24
Rehabilitation Admissions	316	389	398	+26%	449	463
Rehabilitation Pat. Days	4,121	5,252	5,256	+28%	5,840	6,023
Rehabilitation ADC	11	14	14		16.0	16.5
Rehabilitation % Lic. Occ.	42%	53%	53%		67%	69%

Source: CN1606-024, Supplemental #1

- TrustPoint Hospital's Rehabilitation Unit days increased 28% from 4,121 in 2013 to 5,256 in 2015.
- The projected bed occupancy based on 5,840 inpatients days in Year 1 (2019) and 6,023 in Year 2 (2020) will average 67% and 69% on 24 licensed beds.

**TrustPoint Hospital Medical Detox Unit
Historical and Projected Utilization**

Variable	2013	2014	2015	% Change '13-'15	Year 1 2019	Year 2 2020
Medical Lic. Beds	9	9	10		18	18
Medical Admissions	31	193	412	+1,229%	876	986
Medical Pat. Days	187	792	2,047	+995%	4,380	4,928
Medical ADC	0.5	2	6		12.0	13.5
Medical % Lic. Occ.	6%	24%	56%		67%	75%

Source: CN1606-024, Supplemental #1

- TrustPoint Hospital's Medical Detox Unit days increased 995% from 187 in 2013 to 2,047 in 2015.
- Medical Detox licensed bed occupancy was 6% in 2013 and 56% in 2015 on 10 beds.
- The projected bed occupancy based on inpatients days in Year 1 (2019) and Year 2 (2020) will average 67% and 75% on 18 licensed beds, respectively.

The applicant's overall utilization is presented in the following tables:

TrustPoint Hospital Historical Inpatient Utilization

Licensed Beds 2015	2013 Patient Days	2014 PDs	2015 PDs	2013-2015 % chng.	2013 % Occ.	2014 % Occ	2015 % Occ	2016 % Occ (Jan- June)
96	14,262	21,285	26,734	+88%	51%	68%	76%	68%

Source: CN1606-024 Supplemental #1

- TrustPoint Hospital experienced an 88% increase in total inpatient days from 14,262 in 2013 to 26,734 in 2015.
- Total overall licensed inpatient occupancy increased from 51% in 2013 to 76% in 2014.

The applicant's projected hospital overall inpatient utilization is presented in the following table.

TrustPoint Hospital Projected Inpatient Utilization

Year	Beds	Patient Days	ADC	% Occupancy
Year 1 (2019)	217	51,465	141	65%
Year 2 (2020)	217	56,575	155	71%

Source: CN1606-024 Supplemental #1.

ECONOMIC FEASIBILITY

Project Cost

Major costs are:

- Construction Cost plus Contingency- \$40,988,716, or 79.1 % of cost.
- Site Acquisition- \$4,810,000, or 8.4% of the total cost.
- For other details on Project Cost, see the Project Cost Chart on page R-36 in the original application.
- The total construction cost is \$321.81 per square foot (/SF). As reflected in the table below, the total construction cost is between the Median cost of \$249.67/SF and 3rd Quartile cost of \$330.50/SF of statewide hospital construction projects from 2013 to 2015.

**Statewide Hospital Construction Cost per Square Foot
2013-2015**

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$160.66/sq. ft.	\$244.85/sq. ft.	\$192.62/sq. ft.
Median	\$223.91/sq. ft.	\$308.43/sq. ft.	\$249.67/sq. ft.
3rd Quartile	\$297.82/sq. ft.	\$374.32/sq. ft.	\$330.50/sq. ft.

Source: HSDA Applicant's Toolbox

Financing

A June 28, 2016 letter signed by the Senior Vice President of Bank of America, NA attests to the availability to Acadia Healthcare Company, Inc. of a \$57.3 million revolving line of credit with an approximate interest rate of 3.7% to fund the proposed project.

Acadia Healthcare Company, Inc. audited financial statements for the period ending December 31, 2015 indicates \$11,215,000 in cash and cash equivalents, total current assets of \$294,736,000, total current liabilities of \$290,203,000, and a current ratio of 1:02:1.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

- According to the Historical Data Chart, TrustPoint experienced profitable net operating income before capital expenditures for two of the three most recent years reported: (\$1,457,277) for 2013; \$555,195 for 2014; and \$1,330,171 for 2015.
- Average Annual Net Operating Income less capital expenditures (NOI) was favorable at approximately 3.6% of annual net operating revenue for the year 2015.

Projected Data Chart

The applicant projects \$36,112,279.00 in total gross revenue on 23,506 days during the first year of operation, \$43,457,943 on 28,704 days in Year Two (approximately \$1,514 per day), and \$49,386,690 on 32,940 days in Year Three for the addition. The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal (\$1,700,245) in Year One, (\$167,360) in Year Two, increasing to \$1,224,488 in Year Three.
- Net operating revenue after contractual adjustments is expected to reach \$22,549,599 or approximately 45.7% of total gross revenue in Year Three.
- Charity care totals \$311,173 in Year Three, equaling 27 total charity care patients.

Applicant's Projected Financial Performance, 2019-2021

Projected Financial Performance	Year 1	Year 2	Year 3
Average Dailey Census	64 ADC	79 ADC	90 ADC
Gross Revenue	\$36,112,279	\$43,457,943	\$49,386,690
Average Gross Revenue/PPD (per patient day)	\$1,536/ppd	\$1,514/ppd	\$1,499/ppd
Provision for Charity	\$227,475	\$273,692	\$311,173
Net Revenue	\$16,046,957	\$19,359,508	\$22,549,599
Net Operating Income Before Capital Expenditures	(\$1,400,245)	\$157,640	\$1,574,488

Charges

In Year One of the proposed project, the average charges are as follows:

- The proposed average gross charge is \$1,536/day in 2015.

- The average deduction is \$854/day, producing an average net charge of \$683/day.

Medicare/TennCare Payor Mix

Payor Source, Year 1

Payor Source	Gross Revenue	As a % of Total
Medicare	\$10,022,503	27%
TennCare/Medicaid	\$13,738,367	38%
Commercial	\$12,116,679	34%
Uncompensated	\$234,730	1%
Total Gross Revenue	\$36,112,279	100%

- Medicare-Gross Operating Income will equal \$10,022,503 in Year One representing 27% of total gross operating income.
- TennCare/Medicaid-Gross Operating Income will equal \$13,738,367 in Year One representing 38% of total gross operating income.
- The applicant does not contract with the TennCare managed care organization United Healthcare Plan

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure/Accreditation

- TrustPoint Hospital is licensed by the Department of Health and the Department of Mental Health and Substance Abuse Services (residential beds).
- The Department of Health conducted a complaint investigation on December 14-17, 2015. As a result of the investigation, no deficient practices were found. A copy of the Department of Health letter dated January 13, 2016 is located in Attachment C.OD.7.d.

Certification

- The applicant is certified by Medicare and Medicaid/TennCare.

Accreditation

- TrustPoint is accredited by The Joint Commission with an effective date of September 11, 2015 valid for up to 36 months.

- A copy of the latest Joint Commission survey dated September 13-14, 2012 is located in the attachments.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant has a medical Patient Transfer agreement with St. Thomas Rutherford Hospital (Rutherford County) and a Mutual Aid Memorandum of Understanding with Rolling Hills Hospital (psychiatric inpatient provider) located in adjoining Williamson County.

Impact on Existing Providers

- TrustPoint Hospital is the only inpatient psychiatric care or physical medicine rehabilitation provider in the 2 county primary service area.
- As a result of TrustPoint's two units specializing in psychiatric inpatient services to patients that are involuntarily committed, the applicant hopes Middle Tennessee Mental Health Institute will see a reduction in excess demand when they are at capacity.
- TrustPoint expects a reduction in emergency room overcrowding as a result of increased available inpatient psychiatry beds.

Staffing

- TrustPoint operates a 24 hour/7 day a week mental health access center that is staffed by master's prepared licensed counselors, social workers and mental health professionals.

The applicant's proposed staffing includes the following:

Position	Child and Adolescent Psychiatry	Adult Psychiatry	Geriatric Psychiatry	Physical Medicine	Total
Director	1.0	2.0	1.0	1.0	5
Nurse Mgr.	1.0	4.0	1.0	1.0	7
RN/LPN	6	20.0	10.0	8.0	44
Patient Care Tech	7	21.0	7.0	8.0	43
Physical Therapist	PRN	PRN	1.0	4	5 + PRN
Occupational Therapist	PRN	PRN	PRN	4.0	4 + PRN
Speech Therapist	PRN	PRN	PRN	2.0	2 + PRN
Other-Clerical	1.0	4	2	1.0	8
Total	16	51	22 + PRN	29	118 + PRN

Source: CN1606-024

Should the Agency vote to approve this project, the CON would expire in three years.

Corporate documentation and office lease information are on file at the Agency office and will be available at the Agency meeting.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied, or pending applications for this applicant.

Outstanding Certificates of Need

Acadia Healthcare has financial interests in this project and the following:

TrustPoint Hospital, CN1502-006A, has an outstanding Certificate of Need that will expire on July 1, 2018. The project was approved at the May 25, 2015 Agency meeting for the net increase of 33 inpatient beds as follows: Adult Psychiatric Beds will increase from 31 beds to 59; Geriatric Psychiatric will increase from 28 beds to 36; Medical Detoxification beds will increase from 10 to 18 beds, Physical Rehabilitation Beds will decrease from 27 beds to 16 beds; with total beds increasing from 96 to 129 beds. The estimated project cost is \$935,000.00. *Project Status: A representative of the applicant provided a project update on July 25, 2016 which stated the following: "On May 1, 2016, TrustPoint Hospital was purchased by Acadia Healthcare Company, Inc. As part of that purchase, the leadership examined the current and long term needs of the hospital and community. A decision was made to file a new CON application to add additional acute beds beyond those provided in the current CON. The beds remaining in the current CON will be implemented with the construction resulting from the new CON (CN1502-006). The hospital anticipates approval of its new CON application in the September/October cycle, with construction to commence immediately thereafter".*

Erlanger Behavioral Health, LLC, CN1603-012A, has an outstanding Certificate of Need that will expire on October 1, 2019. The project was approved at the August 24, 2016 Agency meeting for the construction of a new 88 inpatient licensed bed psychiatric hospital located at the intersection of North Holtzclaw Avenue and Citico Avenue, Chattanooga (Hamilton County), TN. The psychiatric hospital will consist of the following inpatient units: adult (24 beds); geriatric (24 beds); children and adolescent (18 beds); and adult chemical dependency services (22 beds). The estimated project cost is \$25,112,600. *Project Status: The project was recently approved.*

Crestwyn Behavioral Health, CN1310-040A, has an outstanding Certificate of Need that will expire on June 1, 2017. The project was approved at the April 23, 2014 Agency meeting for the establishment of a 60 bed mental health hospital. The beds are designated in the following manner: 15 beds dedicated to psychiatric care for adolescents; 30 for adults of all ages; and 15 for adult chemical dependency care. Delta Medical Center will delicense 60 beds. The estimated project cost is \$26,875,862. *Project Status: A representative of the applicant sent an Annual Progress Report dated March 28, 2016 that indicated the project completion date is March 31, 2016 with the issuance of a license scheduled to follow. A final project report is pending.*

CERTIFICATE OF NEED INFORMATION FOR OTHER FACILITIES IN THE SERVICE AREA:

There are no other Letters of Intent, denied, pending applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
(9/7/2016)

LETTER OF INTENT



LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Daily News Journal which is a newspaper of general
(Name of Newspaper)

circulation in Rutherford County, Tennessee, on or before June 10, 2016 for one day.
(County) (Month / day) (Year)

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Trustpoint Hospital, LLC, 1009 North Thompson Lane, Murfreesboro, TN 37129 ("Applicant"), a subsidiary of Acadia Healthcare Company Inc., 6100 Tower Circle, Suite 1000, Franklin, TN 37067, intends to file a Certificate of Need application for the addition of eighty-eight (88) hospital beds, as follows: Adult Psychiatric Beds will increase from fifty-nine (59) to one hundred eleven (111) beds; Geriatric Psychiatric Beds will remain at thirty-six (36) beds; Medical Detoxification beds will remain at eighteen (18) beds; Physical Rehabilitation beds will increase from sixteen (16) beds to twenty-four (24) beds; Child Psychiatric Beds will increase from no beds to fourteen (14) beds; and Adolescent Psychiatric Beds will increase from no beds to fourteen (14) beds; with total beds at the Applicant increasing from one hundred twenty-nine (129) beds to two hundred seventeen (217) beds. An approximate 119,500 Gross Square Feet new building will be constructed, plus an approximate 4,500 Gross Square Feet covered connector to the existing facility, and an additional approximate 3,372 Gross Square Feet will be added to the existing facility. The requested beds will be licensed by the Tennessee Department of Health as hospital beds, as are the already-approved beds at the Applicant's hospital. In addition to these eighty-eight (88) hospital beds, there will be thirty-two (32) residential care beds constructed in the new building, half (16 beds) for adolescents and half (16 beds) for children. These thirty-two (32) residential beds are not subject to Certificate of Need review, and will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that the Applicant will continue to serve Medicare, Medicaid, commercially insured, and private-pay patients. The estimated project cost is anticipated to be approximately \$60,000,000, including filing fee.

The anticipated date of filing the application is: June 15, 2016.

The contact person for this project is E. Graham Baker, Jr. Attorney
(Contact Name) (Title)

who may be reached at: his office at 2021 Richard Jones Road, Suite 120
(Company Name) (Address)

Nashville TN 37215 615/370-3380
(City) (State) (Zip Code) (Area Code / Phone Number)

E. Graham Baker, Jr. 06/09/16 graham@grahambaker.net
(Signature) (Date) (E-mail Address)

=====

The Letter of Intent must be **filed in triplicate** and **received between the first and the tenth day of the month**. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

=====

Original Application
COPY

Trustpoint
Hospital LLC

CN1606-024



**CERTIFICATE OF NEED
APPLICATION**

for

The Addition of 88 Hospital Beds

by

**TrustPoint Hospital, LLC
1009 North Thompson Lane
Murfreesboro (Rutherford County), Tennessee 37129**

**STATE OF TENNESSEE
HEALTH SERVICES AND DEVELOPMENT AGENCY
500 Deaderick Street
Suite 850
Nashville, Tennessee 37243
615/741-2364**

FILING DATE: June 15, 2016

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency or Institution

TrustPoint Hospital, LLC
Name

1009 North Thompson Lane
Street or Route

Rutherford
County

Murfreesboro.
City

TN
State

37129
Zip Code

2. Contact Person Available for Responses to Questions

E. Graham Baker, Jr.
Name

Attorney
Title

Anderson and Baker
Company Name

graham@grahambaker.net
e-mail address

2021 Richard Jones Road, Suite 120
Street or Route

Nashville.
City

TN
State

37215
Zip Code

Attorney
Association with Owner

615/370-3380
Phone Number

615/221-0080
Fax Number

3. Owner of the Facility, Agency, or Institution

Acadia Healthcare Company, Inc.
Name

615/861-6000
Phone Number

6100 Tower Circle, Suite 1000
Street or Route

Williamson
County

Franklin.
City

TN
State

37067
Zip Code

4. Type of Ownership of Control (Check One)

- | | | | |
|---------------------------------|-------------------------------------|---|--------------------------|
| A. Sole Proprietorship | <input type="checkbox"/> | F. Governmental (State of Tenn. or Political Subdivision) | <input type="checkbox"/> |
| B. Partnership | <input type="checkbox"/> | G. Joint Venture | <input type="checkbox"/> |
| C. Limited Partnership | <input type="checkbox"/> | H. Limited Liability Company | <input type="checkbox"/> |
| D. Corporation (For-Profit) | <input checked="" type="checkbox"/> | I. Other (Specify) | <input type="checkbox"/> |
| E. Corporation (Not-for-Profit) | <input type="checkbox"/> | | |

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS. See Attachment A.4.

SECTION A:

APPLICANT PROFILE

Please enter all Section A responses on this form. All questions must be answered. If an item does not apply, please indicate "N/A". Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment.

Section A, Item 1: Facility Name must be applicant facility's name and address must be the site of the proposed project.

Response: The Applicant for this Certificate of Need Application is TrustPoint Hospital, LLC (formerly SeniorHealth of Rutherford, LLC, name changed January 31, 2013), 1009 North Thompson Lane, Murfreesboro (Rutherford County), Tennessee 37129. The Applicant is 100% owned by FENX Healthcare, LLC, 1009 North Thompson Lane, Murfreesboro (Rutherford County), Tennessee 37129. FENX Healthcare, LLC is 100% owned by Polaris Hospital Holdings, LLC. Acadia Healthcare Company, Inc., in turn, owns 100% of Polaris Hospital Holdings, LLC.

The Facility Name is TrustPoint Hospital, LLC, which is the applicant facility's name, and 1009 North Thompson Lane, Murfreesboro (Rutherford County), Tennessee 37129 is the site of the proposed project.

Section A, Item 3: Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence, if applicable, from the Tennessee Secretary of State.

Response: The requested documents for the Applicant are included in the application as *Attachment A.4*.

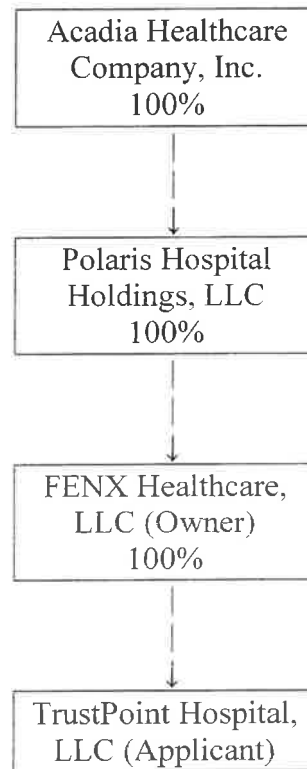
Section A, Item 4: Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% or more ownership interest. In addition, please document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in Tennessee Code Annotated, §68-11-1602 in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership for each health care institution identified.

Response: The Applicant for this Certificate of Need Application is TrustPoint Hospital, LLC (formerly SeniorHealth of Rutherford, LLC, name changed January 31, 2013), 1009 North Thompson Lane, Murfreesboro (Rutherford County), Tennessee 37129. The Applicant is 100% owned by FENX Healthcare, LLC, 1009 North Thompson Lane, Murfreesboro (Rutherford County), Tennessee 37129. FENX Healthcare, LLC is 100% owned by Polaris Hospital Holdings, LLC. Acadia Healthcare Company, Inc., in turn, owns 100% of Polaris Hospital Holdings, LLC.

The Applicant does not own any other health care institutions as defined above. Acadia Healthcare Company, Inc. is a provider of inpatient behavioral healthcare services. Acadia Healthcare Company, Inc. operates a network of 587 behavioral healthcare facilities with approximately 17,400 beds in 39 states, the United Kingdom and Puerto Rico. Only six facilities are located in Tennessee (Crestwyn Behavioral Health, Memphis; Village Behavioral Health, Louisville; Mirror Lake Recovery Center, Burns; Volunteer Comprehensive Treatment Center, Chattanooga; Delta Medical Center of Memphis, Memphis; and Trustpoint Hospital, Murfreesboro). Acadia Healthcare Company, Inc. provides behavioral health and addiction services to its patients in a variety of settings, including inpatient psychiatric hospitals, residential treatment centers, outpatient clinics and therapeutic school-based programs.

Acadia Healthcare Company, Inc.'s behavioral health treatment facilities specialize in helping children, teenagers, adults, and seniors suffering from mental health disorders, alcohol and drug addiction, and specialty medical conditions.

See the following ownership chart:



Section A, Item 5: For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.

Please describe the management entity's experience in providing management services for the type of the facility, which is the same or similar to the applicant facility. Please describe the ownership structure of the management entity.

Response: The Applicant is managed by itself.

9. **Bed Complement Data**

Please indicate current and proposed distribution and certification of facility beds.

Response: Except for Licensed and Total line, the chart below represents STAFFED beds.

	Current Beds		Staffed	Beds	TOTAL
	Licensed	CON*	Beds	Proposed	Beds at Completion
A. Medical (Detox)	<u>10</u>	<u>+8</u>	<u>10</u>		<u>18</u>
B. Surgical	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
C. Long-Term Care Hospital	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
D. Obstetrical	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
E. ICU/CCU	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
F. Neonatal	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
G. Pediatric	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
H. Adult Psychiatric	<u>44</u>	<u>+15</u>	<u>44</u>	<u>+52</u>	<u>111</u>
I. Geriatric Psychiatric	<u>28</u>	<u>+8</u>	<u>28</u>		<u>36</u>
J. Child/Adolescent Psychiatric	<u> </u>	<u> </u>	<u> </u>	<u>+28</u>	<u>28</u>
K. Rehabilitation	<u>19</u>	<u>-3</u>	<u>19</u>	<u>+8</u>	<u>24</u>
L. Nursing Facility (non-Medicaid Certified)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
M. Nursing Facility Level 1 (Medicaid only)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
N. Nursing Facility Level 2 (Medicare only)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
O. Nursing Facility Level 2 (dually-certified)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
P. ICF/MR	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Q. Adult Chemical Dependency	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
R. Child & Adolescent Chemical Dependency	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
S. Swing Beds	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
T. Mental Health Residential Treatment	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
U. Residential Hospice	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 TOTAL	 <u>101</u>	 <u>28</u>	 <u>101</u>	 <u>+88</u>	 <u>217</u>

* CON Beds approved but not yet in service

Item J above: 14 Child Psychiatric Beds plus 14 Adolescent Beds

Another 32 residential beds, not subject to CON review, will be constructed to hospital standards.

10.	Medicare Provider Number	<u>440231</u>
	Certification Type	<u>Hospital</u>
	Medicare Provider Number	<u>44S231</u>
	Certification Type	<u>Psychiatric Distinct Unit</u>
	Medicare Provider Number	<u>44T231</u>
	Certification Type	<u>Rehab Distinct Unit</u>

11.	Medicaid Provider Number	<u>0440231</u>
	Certification Type	<u>Hospital</u>
	Medicaid Provider Number	<u>044S231</u>
	Certification Type	<u>Psychiatric Distinct Unit</u>
	Medicaid Provider Number	<u>044T231</u>
	Certification Type	<u>Rehab Distinct Unit</u>

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

Response: This is not a new application, and the Applicant already provides Medicare and/or Medicaid.

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract. Discuss any out-of-network relationships in place with MCOs/BHOs in the area.*

Response: Please see *Attachment A.13*.

Section A, Item 6: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.

Response: Originally, TrustPoint Hospital, LLC (formerly, SeniorHealth of Rutherford, LLC) was approved (CN0610-089AE) as a 60 bed general hospital, providing 9 Medical Detox beds, 24 Psychiatric beds (12 adult + 12 geriatric), and 27 Rehab beds. The Applicant was approved (CN1502-006A) to increase to 129 total beds, but not all of these beds are currently operational. The Applicant completed Phase I of that application (as explained in that application and in subsequent status reports to the HSDA), and had planned on completing Phase II (the final phase) of the project this summer. However, the facility was purchased by Acadia Healthcare Company, Inc. in the Spring of 2016, and the new owner delayed implementation of the final phase of that CON following an assessment of services in the area. The decision was reached to delay that final phase and file this application.

The land for the original facility is still under lease with NHI-REIT of Tennessee, LLC. A copy of the lease is included as *Attachment A.6*. A letter from the owner of the realty showing the terms of the existing lease is included as *Attachment A.6.Overview*, and a copy of the title to the property is included as *Attachment A.6.Title*. Finally, *Attachment A.6.License Agreement* further proves site control by the Applicant of the site for the new construction.

5. Name of Management/Operating Entity (If Applicable)

N/A

Name

Street or Route

County

City

State

Zip Code

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. Legal Interest in the Site of the Institution (Check One)

- | | | | |
|-----------------------------|----------|--------------------|-------|
| A. Ownership | _____ | D. Option to Lease | _____ |
| B. Option to Purchase | _____ | E. Other (Specify) | _____ |
| C. Lease of <u>99</u> Years | <u>X</u> | | _____ |

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS. See Attachment A.6., etc.

7. Type of Institution (Check as appropriate--more than one response may apply.)

- | | | | |
|--|----------|--|-------|
| A. Hospital | <u>X</u> | I. Nursing Home | _____ |
| B. Ambulatory Surgical Treatment Center (Multi-Specialty) | _____ | J. Outpatient Diagnostic Center | _____ |
| C. ASTC | _____ | K. Recuperation Center | _____ |
| D. Home Health Agency | _____ | L. Rehabilitation Facility | _____ |
| E. Hospice | _____ | M. Residential Hospice | _____ |
| F. Mental Health Hospital | _____ | N. Non-Residential Methadone Facility | _____ |
| G. Mental Health Residential Treatment Facility | _____ | O. Birthing Center | _____ |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) | _____ | P. Other Outpatient Facility (Specify) _____ | _____ |
| | | Q. Other (Specify) _____ | _____ |

8. Purpose of Review (Check as appropriate--more than one response may apply.)

- | | | | |
|---|----------|---|------------|
| A. New Institution | _____ | H. Change In Bed Complement (Please note the type of change by underlining the appropriate response: <u>Increase</u> , <u>Decrease</u> , <u>Designation</u> , <u>Distribution</u> , <u>Conversion</u> , <u>Relocation</u>) | <u>X</u> * |
| B. Replacement/Existing Facility | _____ | I. Change of Location | _____ |
| C. Modification/Existing Facility | <u>X</u> | J. Other (Specify) _____ | _____ |
| D. Initiation of Health Care Service as defined in TCA §68-11-1607(4) | _____ | | _____ |
| E. Specify _____ | _____ | | _____ |
| F. Discontinuance of OB Services | _____ | | _____ |
| G. Acquisition of Equipment | _____ | | _____ |

* various departments will change bed counts and locations, as discussed in the application

NOTE: *Section B is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. Section C addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.*

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Response: Trustpoint Hospital, LLC, 1009 North Thompson Lane, Murfreesboro, TN 37129 ("Applicant"), a subsidiary of Acadia Healthcare Company Inc., 6100 Tower Circle, Suite 1000, Franklin, TN 37067, files this Certificate of Need application for the addition of eighty-eight (88) hospital beds, as follows: Adult Psychiatric Beds will increase from fifty-nine (59) to one hundred eleven (111) beds; Geriatric Psychiatric Beds will remain at thirty-six (36) beds; Medical Detoxification beds will remain at eighteen (18) beds; Physical Rehabilitation beds will increase from sixteen (16) beds to twenty-four (24) beds; Child Psychiatric Beds will increase from no beds to fourteen (14) beds; and Adolescent Psychiatric Beds will increase from no beds to fourteen (14) beds; with total beds at the Applicant increasing from one hundred twenty-nine (129) beds to two hundred seventeen (217) beds. An approximate 119,500 Gross Square Feet new building will be constructed, plus an approximate 4,500 Gross Square Feet covered connector to the existing facility, and an additional approximate 3,372 Gross Square Feet will be added to the existing facility. The requested beds will be licensed by the Tennessee Department of Health as hospital beds, as are the already-approved beds at the Applicant's hospital. In addition to these eighty-eight (88) hospital beds, there will be thirty-two (32) residential care beds constructed in the new building, half (16 beds) for adolescents and half (16 beds) for children. These thirty-two (32) residential beds are not subject to Certificate of Need review, and will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that the Applicant will continue to serve Medicare, Medicaid, commercially insured, and private-pay patients. The estimated project cost is anticipated to be \$57,275,105, plus a filing fee of \$45,000.00.

The Applicant is the only provider of psychiatric services and physical medicine rehabilitation services in its primary service area of Rutherford and Bedford County. The closest psychiatric beds are located in Cannon, Davidson, Williamson, and Wilson Counties. *Attachment B.I.A* lists inpatient psychiatric beds contiguous to our service area. Rehab bed utilization for the same facilities contiguous to our service area is reported on *Attachment B.I.B*. Please note that due to inconsistencies in Joint Annual Reports, some of these utilization figures are our best estimate of utilization at these nine facilities.

The total cost of this project (\$57,275,105) amounts to an average total cost of \$477,293 per bed (88 hospital beds plus 32 residential beds). Construction cost of \$40,988,716 results in an average

construction cost of \$341,573 per bed. Patient charges will not increase as a result of the approval of this application. The Applicant has sufficient funds for this project.

Attachment B.I.C lists payer sources by category for the Applicant, from opening through March, 2016. The Applicant anticipates further payer mix will be similar to this chart. The service line percentages are not expected to change significantly as a result of this project. We do expect the percentage of Medicaid and Self Pay/Unfunded admissions to increase on a house-wide basis due to the relative growth in psychiatric services resulting from this proposed bed conversion.

Since there are no other psychiatric beds or physical medicine rehabilitation beds located in the service area and no other providers have applied for such beds in the service area, the approval of this application will contribute to the orderly development of health care in the area.

Initial staffing is available, and additional staff can be secured through the Applicant's affiliations, including Belmont University, Eastern Tennessee State University, Middle Tennessee State University, Motlow College, Tennessee State University, and Volunteer State Community College. The Applicant's new owner has a wealth of affiliations from which the hospital may draw.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.**

If the project involves none of the above, describe the development of the proposal.

Response: Trustpoint Hospital, LLC, 1009 North Thompson Lane, Murfreesboro, TN 37129 ("Applicant"), a subsidiary of Acadia Healthcare Company Inc., 6100 Tower Circle, Suite 1000, Franklin, TN 37067, files this Certificate of Need application for the addition of eighty-eight (88) hospital beds, as follows: Adult Psychiatric Beds will increase from fifty-nine (59) to one hundred eleven (111) beds; Geriatric Psychiatric Beds will remain at thirty-six (36) beds; Medical Detoxification beds will remain at eighteen (18) beds; Physical Rehabilitation beds will increase from sixteen (16) beds to twenty-four (24) beds; Child Psychiatric Beds will increase from no beds to fourteen (14) beds; and Adolescent Psychiatric Beds will increase from no beds to fourteen (14) beds; with total beds at the Applicant increasing from one hundred twenty-nine (129) beds to two hundred seventeen (217) beds. An approximate 119,500 Gross Square Feet new building will be constructed, plus an approximate 4,500 Gross Square Feet covered connector to the existing facility, and an additional approximate 3,372 Gross Square Feet will be added to the existing facility. The requested beds will be licensed by the Tennessee Department of Health as hospital beds, as are the already-approved beds at the Applicant's hospital. In addition to these eighty-eight (88) hospital beds, there will be thirty-two (32) residential care beds constructed in the new building, half (16 beds) for adolescents and half (16 beds) for children. These thirty-two (32) residential beds are not subject to Certificate of Need review, and will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that the Applicant will continue to serve Medicare, Medicaid, commercially insured, and private-pay patients. The estimated project cost is anticipated to be \$57,275,105, plus a filing fee of \$45,000.00.

Since there are no other psychiatric beds or physical medicine rehabilitation beds located in the service area and no other providers have applied for such beds in the service area, the approval of this application will contribute to the orderly development of health care in the area. The Applicant feels it is important to note that Murfreesboro is the thirteenth (13th) fastest growing city in the entire nation. The increasing

population dictates that providers of health care constantly monitor the needs of their respective service areas, and adjust services as needed.

Currently, the Applicant operates 72 psychiatric beds (44 Adult plus 28 Geriatric) at our hospital, but is approved for 95 psychiatric beds (59 Adult plus 36 Geriatric). The Applicant was approved (CN1502-006A) to increase to 129 total beds, but not all of these beds are currently operational. The Applicant completed Phase I of that application (as explained in that application and in subsequent status reports to the HSDA), and had planned on completing Phase II (the final phase) of the project this summer. However, the facility was purchased by Acadia Healthcare Company, Inc. in the Spring of 2016, and the new owner delayed implementation of the final phase of that CON following an assessment of services in the area. The decision was reached to delay that final phase and file this application.

There are no other psychiatric beds in our service area. The closest psychiatric beds are located in Davidson, Cannon, Williamson, and Wilson Counties. *Attachment B.I.A* lists inpatient psychiatric beds contiguous to our service area. It is important to note that patient origin data indicates that approximately 45% of our patients originate from outside our primary service area. Taking this into consideration, the unmet need for adult inpatient psychiatric beds will increase, as explained later in this application.

Currently, we are approved to reduce our 19 rehab bed unit to 16 beds. The assessment referenced earlier indicated a need for additional rehab beds at our hospital. This application, if approved, will increase our rehab beds from 16 to 24. The closest rehabilitation beds are located in Davidson, Cannon, Williamson and Wilson Counties. *Attachment B.I.B* lists inpatient rehabilitation beds contiguous to our service area.

Please note that due to inconsistencies in Joint Annual Reports, some of the utilization figures on both *Attachment B.I.A* and *Attachment B.I.B* are our best estimate of utilization at these nine facilities.

An approximate 119,500 GSF new building will be constructed which will contain most of the new beds being requested. There will also be an approximate 3,372 GSF addition to the existing hospital (which will house an additional 7 rehab beds, plus an approximate 4,500 GSF covered connector will be added between the new building and the existing hospital.

The total cost of this project (\$57,275,105) amounts to an average total cost of \$477,293 per bed (88 hospital beds plus 32 residential beds). Construction cost of \$40,988,716 results in an average construction cost of \$341,573 per bed, and \$321.81 per GSF (\$40,988,716 construction costs divided by 127,372 GSF). Patient charges will not increase as a result of the approval of this application. The Applicant has sufficient funds for this project.

According to the HSDA website, Hospital Renovation Cost Per Square Foot Years: 2013 – 2015 indicates that 1st, Median, and 3rd Quartile amounts average \$244.85, \$308.43, and \$374.32. Our cost of \$321.81 (based on construction costs) shows that our project is financially feasible. Please see *Attachment B.II.A*.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

RESPONSE:

Services

Current Adult Psychiatry Service: The adult psychiatry program is comprised of a two treatment units (31 bed and 13 bed) providing inpatient mental health and substance abuse services for adults age 18 to 64 with a primary acute psychiatric diagnosis as defined by the Diagnostic and Statistical Manual of Mental Disorders, 5th Edition (American Psychiatric Association, 2013). Patients on the 31 bed unit are treated in a mixed milieu without differentiation by diagnostic presentation or symptom severity. Patients on the 13 bed unit are treated for disorders affecting mood.

Proposed Adult Psychiatry Service: The adult psychiatry program would comprise four treatment units with a combined 111 beds providing inpatient mental health and substance abuse services for adults age 18 to 64. The first treatment unit will be 31 beds (existing Adult Psychiatry unit), specializing in the care of adult psychiatric patients with *severe* mental illness requiring highly intensive care (i.e., psychiatric intensive care unit) to manage and treat disorders of mood, thought, and behavior and who otherwise would be referred to Middle Tennessee Mental Health Institute (MTMHI) or other similar institutions. The second treatment unit will be 28 beds (existing Geriatric Psychiatry unit), specializing in the care of adult psychiatric patients with *severe* mental illness (e.g., psychosis, thought disorders, developmental disabilities, imminent risk of danger to self or others). The third treatment unit will be 28 beds, specializing in the care of adult psychiatric patients with *serious* mental illness (e.g., mood disorders, and admission under voluntary and involuntary status). The fourth treatment unit will be 24 beds, specializing in the care of co-occurring and specialty disorders (i.e., post-traumatic stress disorder, addictions, eating disorders, obsessive-compulsive disorders, etc.). All four units will accept voluntary and involuntary admissions pursuant to Tennessee Code Annotated 33-6-404.

By separating the adult patient populations by major diagnostic classifications and severity of illness, TrustPoint Hospital will be better able to provide care that is tailored to the individual needs of the patients in an environment that is safe, efficient, and reliable. This change will also allow TrustPoint Hospital to expand its reach to serve a broader cross section of the community. Currently, significant numbers of adult psychiatric patients are denied access to care due to lack of bed availability, lack of clinically appropriate bed availability, clinical acuity of the patient population, and timing of bed availability related to discharge and admission patterns (See *Attachment B.II.B.1: Admission and Denial Statistics Adult Psychiatry*).

Researchers Hankin, Bronstone, and Koran (2011) found that psychiatric patients with psychosis and other forms of thought disorder present a high risk for acts of violence against themselves and others. The nature of the patient's illness, together with the potential triggers resulting in risk for harm, support the need for distinct treatment units specific to the needs of varied populations (Hankin et al., 2011). Further, the changes proposed here will support the long-term population growth in Rutherford and Bedford Counties, and the needs of surrounding counties that rely on TrustPoint Hospital for inpatient psychiatric services (See *Attachment B.II.B.2: Rutherford County Population Census Growth and Projections*; See *Attachment B.II.B.3: Bedford County Population Growth and Projections*).

Current Geriatric Psychiatry Service: The geriatric psychiatry program is comprised of a single 28 bed treatment unit providing inpatient mental health and substance abuse services for adult patients age 65 and over with a primary acute psychiatric diagnosis as defined by the Diagnostic and Statistical Manual

of Mental Disorders, 5th Edition (American Psychiatric Association, 2013). The majority of patients present for admission with the primary psychiatric disorder and one or more physical medicine co-morbidities (e.g., dehydration, diabetes, hypertension, limited mobility, physical deconditioning, etc.) requiring primary medicine evaluation and management. The geriatric psychiatry unit is on the hospital's second floor, adjacent to the existing 31 bed adult psychiatry unit.

Proposed Geriatric Psychiatry Service: The geriatric psychiatry program will be relocated to the new facility addition and operate under the 36 beds approved pursuant to CN1502-006A.

Current Physical Medicine/Rehabilitation Service: The physical medicine/rehabilitation program is comprised of a single 19 bed treatment unit on the first floor of the hospital. Patients admitted to this program suffer a range of physical disabilities and/or traumas that require acute inpatient medical and rehabilitation care to restore functioning and optimal independence. Typical reasons for admission include, but are not limited to, cerebral vascular accident (i.e., stroke), motor vehicle accident, traumatic brain injury, spinal cord injury, multiple traumas, etc. These patients require complex medical care and active physical, occupational, and speech therapies to support their recovery.

Proposed Physical Medicine/Rehabilitation Service: The physical medicine/rehabilitation program will remain on the first floor of the existing facility and occupy 24 beds. The program will relocate to the 17 room unit currently occupied by the 10 bed (9 room) Medical Psychiatry/Detox and the 13 bed (8 room) adult psychiatric unit. This change in location will allow for the addition of 7 beds under the new construction (Note: CN1502-006A reduced physical medicine/rehabilitation beds to 16 based on the then existing footprint of the hospital). This new CON requests that the physical medicine/rehabilitation beds be increased from 16 to 24 beds as a result of the proposed build that can support the additional beds and patient demand. All rooms will be single occupancy. Costs associated with this change are incorporated in the general construction budget.

Current Medical Psychiatry/Detox: The medical psychiatry/detox program is comprised of 10 beds on the first floor of the Hospital. Approval has already been granted to expand this program to 18 beds (CN1502-006A). Patients admitted to this program suffer a primary medical condition and an active psychiatric illness and/or substance abuse condition requiring medical treatment to stabilize and resolve the co-morbid conditions. Patients are medically co-managed by a primary care physician and psychiatrist/addictionologist. The treatment team consists of physicians, medical-surgical nurses with additional training in psychiatry, social workers, therapists, and other multi-disciplinary clinical team members. The medical psychiatry/detox program is unique in Tennessee as a service that integrates medicine and psychiatry to care for individuals with complex health needs in an integrated and safe environment. The medical psychiatry/detox program accepts patients on a voluntary basis or on psychiatric detention pursuant to Tennessee Code Annotated 33-6-404.

Proposed Medical Psychiatry/Detox: The medical psychiatry/detox program will expand from 10 to 18 beds pursuant to CN1502-006A, moving to the space currently occupied by the physical medicine/rehabilitation program. There are no additional beds required for this change of unit location. Costs associated with this change are incorporated in the general construction budget.

Proposed Pediatric Psychiatry: There are currently no inpatient pediatric psychiatry services in Rutherford and Bedford counties. Patients seeking care for this service are routinely held in inpatient medical facilities and hospital emergency departments for days to weeks pending inpatient psychiatry admission. Far too frequently, these vulnerable children and adolescents are transferred for psychiatric admission to hospital as far away as Georgia, Mississippi, Kentucky, and elsewhere. It is a critical gap in service delivery that must be remedied. The Hospital proposes to build, as part of its new construction, 28

beds dedicated to this population (14 child beds/14 adolescent beds). The pediatric psychiatry unit will consist of distinct and separate space for child and adolescent services.

Proposed Child and Adolescent Residential Treatment Services: To meet the integrated care needs of child and adolescent patients within their home community, the Hospital proposes to build 32 beds designated as residential treatment for patients with severe and prolonged mental health and substance use and abuse disorders. The residential treatment beds will comprise 16 child beds and 16 adolescent beds. The two programs will occupy distinct space and services for each population.

Other Services Not Requiring CON: To provide fully integrated care for all populations, the Hospital will add the following services to meet the outpatient needs of patients:

1. Psychiatric Partial Hospital Program (PHP)
2. Expanded Psychiatric Intensive Outpatient Programs (IOP)
3. Therapeutic Day School Program for emotionally troubled youth
4. Outpatient Physical Medicine and Rehabilitation services

Population and other demographic data for the service area and for Tennessee is listed in *Attachment C.Need.4.A.*

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

Response: Adult Psychiatric and Rehabilitation Services: TrustPoint Hospital began operations with the admission of its first patient on September 4, 2012. From its opening through March 31, 2016, the Hospital has treated 10,671 patients. *Attachment B.II.C.1* illustrates total admissions to the Hospital for all service lines, delineated by county of origin. For the inclusive period, 58% of patients identify their residence within Rutherford or Bedford County. Davidson and Coffee Counties comprise the next largest segment of the population seeking treatment at TrustPoint Hospital, with 12% of total admissions. The remaining patients self-report their residence in other counties. However, like Davidson and Coffee Counties, many of those patients are referred to TrustPoint Hospital from other health care providers or service agencies within Rutherford and Bedford County.

Attachment B.II.C.2 illustrates total admissions to adult psychiatry, delineated by county of origin. For the inclusive period of September 4, 2012 through March 31, 2016, adult psychiatry admitted 4,051 patients, with 47% of patients identifying their residence as Rutherford or Bedford County. Consistent with total Hospital admissions, Davidson and Coffee Counties comprise the next largest segment of the population seeking adult psychiatric care at TrustPoint Hospital, with 15% of total admissions. Adult psychiatry admissions routinely cross county lines for, but not limited to, the following reasons: patient choice, facility diversion in other counties, insurance contract requirements, placement by State of Tennessee Mandatory Pre-Screeners pursuant to Tennessee Code 33-6-404, patient's preferred physician, and the transient nature of the mentally ill population.

Attachment B.II.C.3 illustrates total admissions to geriatric psychiatry, delineated by county of origin. For the inclusive period of September 4, 2012 through March 31, 2016, geriatric psychiatry admitted 1,187 patients, with 50% of patients identifying their residence as Rutherford or Bedford County. Consistent with total Hospital admissions, Davidson and Coffee Counties comprise the next largest segment of the population seeking geriatric psychiatry care at TrustPoint Hospital, with 16% of total

admissions. Geriatric psychiatry admissions routinely cross county lines for, but not limited to, the following reasons: patient choice, facility diversion in other counties, insurance contract requirements, placement by Mandatory Pre-Screeners pursuant to Tennessee Code 33-6-404, family preference to be close to loved one, nursing home physician affiliations and the transient nature of the mentally ill population.

Attachment B.II.C.4 illustrates total admissions to physical medicine/rehabilitation, delineated by county of origin. For the inclusive period of September 4, 2012 through March 31, 2016, physical medicine/rehabilitation admitted 981 patients, with 73% of patients identifying their residence as Rutherford or Bedford County. Coffee and Cannon Counties comprise the next largest segment of the population seeking physical medicine/rehabilitation care at TrustPoint Hospital, with 9% of total admissions. Physical medicine/rehabilitation admissions routinely cross county lines for, but not limited to, the following reasons: patient and family choice, insurance contract requirements, physician affiliations, and service provision that best meets the patient's clinical profile.

Attachment B.II.C.5 illustrates total admissions to medical psychiatry/detox, delineated by county of origin. For the inclusive period of July 27, 2014 through March 31, 2016, medical psychiatry/detox admitted 224 patients, with 51% of patients identifying their residence as Rutherford or Bedford County. Consistent with total Hospital admissions. Davidson and Wilson Counties comprise the next largest segment of the population seeking medical psychiatry/detox care at TrustPoint Hospital, with 14% of total admissions. Medical psychiatry/detox admissions routinely cross county lines for, but not limited to, the following reasons: patient choice, no similar service available in Middle Tennessee, insurance contract requirements, placement by Mandatory Pre-Screeners pursuant to Tennessee Code Annotated 33-6-404, family preference to be close to loved one, and the transient nature of the mentally ill population.

In addition, the following charts are offered and may be referenced later in this application:

Attachment B.II.C.6 – historic occupancy rate by service, by quarter, from opening through the first quarter of 2016

Attachment B.II.C.7 – projected occupancy rate by service, for Years 1 and 2;

Attachment B.II.C.8 – total psychiatric admissions by month from opening through the first quarter of 2016.

Attachment B.II.C.9 – total adult and geriatric psychiatry admissions by month from opening through the first quarter of 2016.

Attachment B.II.C.10 – total psychiatry admissions trended by month from opening through December, 2018;

Attachment B.II.C.11 – total adult and geriatric psychiatry admissions trended by month from opening through December 2018;

Attachment B.II.C.12 – total physical medicine/rehabilitation admissions by month from opening through the first quarter of 2016;

Attachment B.II.C.13 – total physical medicine/rehabilitation admissions trended by month from opening through December 2018;

Attachment B.II.C.14 – total medical psychiatry/detox admissions by month from opening through the first quarter 2016;

Attachment B.II.C.15 – total medical psychiatry/detox admissions trended by month from opening through December 2018;

Attachment B.II.C.16 – psychiatry average daily census by month from opening through the first quarter 2016;

Attachment B.II.C.17 – physical medicine/rehabilitation average daily census by month from opening through the first quarter 2016;

Attachment B.II.C.18 – medical psychiatry/detox average daily census by month from opening through the first quarter 2016;

Attachment B.II.C.19 – psychiatry average daily census from opening with projection through December 2018;

Attachment B.II.C.20 – physical medicine/rehabilitation average daily census from opening with projection through December 2018; and

Attachment B.II.C.21 – medical psychiatry/detox average daily census from opening with projection through December 2018.

D. Describe the need to change location or replace an existing facility.

Response: N/A.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

a. Describe the new equipment, including:

- 1. Total cost; (As defined by Agency Rule).**
- 2. Expected useful life;**
- 3. List of clinical applications to be provided; and**
- 4. Documentation of FDA approval.**

b. Provide current and proposed schedules of operations.

Response: N/A.

2. For mobile major medical equipment:

- a. List all sites that will be served;**
- b. Provide current and/or proposed schedule of operations;**
- c. Provide the lease or contract cost.**
- d. Provide the fair market value of the equipment; and**
- e. List the owner for the equipment.**

Response: N/A.

3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Response: N/A.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:

- 1. Size of site (*in acres*)**
- 2. Location of structure on the site; and**
- 3. Location of the proposed construction.**
- 4. Names of streets, roads or highway that cross or border the site.**

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

Response:

1. The size of the original medical complex approximates 6.09 Acres. An additional approximate 12 adjacent Acres has been added. Please see attached plot plan (*Attachment B.III.A.1*).
2. Please see *Attachment B.III.A.1*. This attachment indicates the location of the existing building on the site.
3. Please see *Attachment B.III.A.1*. This attachment indicates the location of the proposed construction on the site.
4. The main entrance to Trustpoint Hospital is on Thompson Lane, and the site is bounded by Wilkinson Pike (formerly known as Manson Pike).

(B) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response: The main entrance to Trustpoint Hospital is on Thompson Lane, and the site is bounded by Wilkinson Pike (formerly known as Manson Pike). Thompson Lane is an area of major construction and expansion in the Murfreesboro area, and the site is across the street from the new St. Thomas, Rutherford Hospital. The site is 2 miles from I-24, 0.8 miles from US-41, 0.4 miles from Medical Center Parkway, and is readily accessible for patients, their families and friends, and providers.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.

Response: Please see *Attachment B.IV* (10 pages) for a footprint of proposed construction. The first 8 pages show the approximate 119,500 GSF new building, and the last 2 pages show the approximate 3,372 GSF addition to the existing building.

V. For a Home Health Agency or Hospice, identify:

- 1. Existing service area by County;**
- 2. Proposed service area by County;**
- 3. A parent or primary service provider;**
- 4. Existing branches; and**
- 5. Proposed branches.**

Response: N/A.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care.” The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate “Not Applicable (N/A).”

QUESTIONS

NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee’s Health: Guidelines for Growth.
 - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

Response: Please see *Attachment Psychiatric Inpatient Services*

Further, the State Health Plan lists the following Five Principles for Achieving Better Health, and are based on the Division's enacting legislation:

1. The purpose of the State Health Plan is to improve the health of Tennesseans;
2. Every citizen should have reasonable access to health care;
3. The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the state's health care system;
4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers; and
5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

Responses to these five Principles are as follows:

1. The Applicant provides inpatient psychiatric care to an area that previously had no such services. According to the state formula, there continues to be a need for psychiatric beds in the service area. Due to the sustained need/demand for rehabilitation beds, that department will increase in size. The

Applicant's goal of continuing to provide these appropriate and needed services is consistent with the State Health Plan, and this project will improve the health of Tennesseans.

The previous application filed by the Applicant stated that, at that time, there was a more pressing need for inpatient psychiatric care than for inpatient physical medicine rehabilitation care. Due to the physical limitations of our existing facility at that time, we attempted to modify the services that we provided without new construction. This meant we would have to decrease our rehabilitation area in order to increase our psychiatric area. Now that our new owner can provide funding for the Applicant to provide necessary services, our inpatient rehab bed unit will increase to 24 beds.

2. The Applicant will continue to provide a service currently not provided by other facilities in the service area, thereby increasing reasonable access to this type of health care for all citizens in the service area.
3. The development of services by the Applicant has always been the result of attempts to meet the needs of Tennesseans. There is an unmet need for inpatient child, adolescent, and adult psychiatric services in the service area. Further, there is an increased need for physical medicine rehabilitation beds in the service area. Therefore, the approval of this application will enhance the "development" of inpatient psychiatric services and inpatient rehabilitation services in the proposed service area.
4. Tennessee is fortunate to have an excellent licensing division of the Department of Health. The Board of Licensing Health Care Facilities provides standards for and monitoring of licensed health care providers. This Applicant will continue to be licensed by the Department of Health and will be certified by Medicare, Medicaid (TennCare), and the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).
5. The Applicant is committed to providing its staff both safe working conditions and continuing education.

b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c).

Response: N/A.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

Response: On May 27, 2015, Certificate of Need CN1502-006A was approved for TrustPoint Hospital. At the time of filing and approval, that Certificate of Need represented TrustPoint Hospital's full internal capacity to meet the needs of the community for psychiatric and rehabilitation medicine care. In response to this same question under that Certificate of Need filing, TrustPoint Hospital made the following statement: "This Certificate of Need proposal will maximize existing capacity at TrustPoint Hospital. Additional development would require acquisition of new land and/or feasibility studies to determine potential for vertical expansion."

Since that filing, the holding company that owns TrustPoint Hospital has been sold to Franklin, Tennessee based Acadia Healthcare Company, Inc.. Under Acadia Healthcare Company, Inc.. TrustPoint Hospital has purchased approximately 12 acres of additional land adjacent to and directly connected to the existing TrustPoint Hospital property. This additional land provides TrustPoint Hospital the ability to expand its campus to provide these proposed, critical, and necessary services to the broader adult and pediatric psychiatric patient populations. This service growth is anticipated to meet the long-term needs of Rutherford and Bedford counties as well as secondary regional demand.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

Response: The proposed service area for this project is focused primarily in Rutherford and Bedford Counties. Coffee County represents a secondary service area based on historical referral patterns and the lack of disease specific services within that county (i.e., inpatient psychiatry for adults and geriatrics, inpatient physical medicine/rehabilitation, inpatient medical psychiatry/detox, inpatient child and adolescent services, residential treatment for child and adolescent patients, and expanded outpatient services). Davidson County will continue to be a tertiary service area based on Davidson County psychiatric hospital overflow/diversion referrals for inpatient psychiatry, referrals for psychiatry and physical medicine/rehabilitation based on patient requests to be treated closer to home and/or family (i.e., Rutherford and Bedford Counties) and medical psychiatry/detox, a unique service line at TrustPoint Hospital that does not exist in other service areas and hospitals.

Please see *Attachment C.Need.3* for a map of the service area.

4. A. Describe the demographics of the population to be served by this proposal.

Response: Our primary service area is Rutherford and Bedford Counties. The projected total population (2020, respectively), according to the TN Department of Health, is as follows:

Rutherford	339,557
Bedford	49,410
Service Area	388,967

In addition, U.S. Census Bureau data for the U.S., State and our service area is supplied as *Attachment C.Need.4.A.*

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Response: According to the U.S. Department of Health and Human Services, all of Bedford County is a Medically Underserved Area, and one tract in Rutherford County is a Medically Underserved Area. Further, both Rutherford County and Bedford County have health professional shortage areas. The approval of this project will bring more health care resources to the service area. See *Attachment C.Need.4.B.*

TrustPoint Hospital is licensed as an acute care general hospital with three distinct service lines: adult and geriatric inpatient psychiatry, inpatient physical medicine/rehabilitation and inpatient medical psychiatry/detox. All current service lines treat adults age 18 and over. Approval of the Certificate of Need will add services for pediatric patients and expand the scope of services for adult patients with *severe* and *serious* mental illness and substance abuse disorders. All programs and services will accept and care for patients with commercial, managed care, Medicare, Tri-Care, and TennCare forms of payment. Physical medicine/rehabilitation serves patients with commercial, managed care, Medicare, and Tri-Care forms of payment. Pediatric services will accept and care for patients with commercial, managed care, Medicare, Tri-Care, and TennCare forms of payment. All service lines accept charity/unfunded patients as a function of our mission to serve the broader community in Rutherford and Bedford Counties.

Patients coming to TrustPoint Hospital represent the full cultural, social, economic, and racial cross-section of citizens in Rutherford, Bedford, and surrounding counties. The psychiatry and medical psychiatric/detox populations represent the most vulnerable patients. The United States Department of Health and Human Services (USDHHS) identifies disparity in access to care, care that is safe, efficient, and reliable and stigma associated with mental illness as primary obstacles to improved mental health and general health outcomes nationally (USDHHS, 2014). According to USDHHS (2014), one in seventeen adults suffer a serious and debilitating mental illness that substantially compromises health, wellness, ability to engage in productive living, increased risk of morbidity and premature mortality. For Rutherford and Bedford Counties, these statistics inform that by 2019 nearly 21,000 adult residents will be suffering a serious and debilitating mental illness. As a highly vulnerable segment of our community, the ability to reach these individuals and provide access to care is essential to their well-being and the well-being of our community now and in the future. The USDHHS (2014) addresses the impact of serious mental illness on communities. Among other things, twenty-five percent of all lost time from

work due to disability and premature death are directly tied to serious mental illness (USDHHS, 2014). The impact on the individual, their families, businesses and communities is staggering and resonates as a *call-to-action* to ensure high quality mental health services are available to meet the needs of this at-risk population.

According to USDHHS (2014), the most recent data for prevalence of serious mental illness among the pre-teen and teenage population (12-17 years) indicates that major depression affects 9.1% of the population and requires intensive treatment. Suicide attempts and completed suicides for this same population are a staggering 1.9 per 100 pre-teen and teenagers in the general population. Placing these numbers in perspective, the United States Census Bureau reported that 25% of the population living in Rutherford county, or approximately 74,653 pre-teen and teenagers, and 26.2% of the population living in Bedford County, or 11,838 pre-teen and teenagers, are in this high risk group for major depression and suicide (USCB, 2015). This information translates to combined pre-teen and teenage major depression for both counties of more than 7,870 pre-teens and teenagers and suicide attempts and successful suicides of more than 864 pre-teens and teenagers (USDHHS). These staggering numbers reflect the tremendous need for child and adolescent services for the residents of Rutherford and Bedford counties.

As a leader in health care delivery that considers the whole person, mind, body, and spirit, TrustPoint Hospital provides or arranges a full spectrum of inpatient and outpatient services to meet the clinical needs of its patients, their loved ones, and professional colleagues. In support of this mission, TrustPoint Hospital actively participates with and supports the local chapters of the American Heart Association, Alzheimer's Association, United Way, the Family Center and a host of other important partners that seek to strengthen the health and wellbeing of our community. Additionally, TrustPoint Hospital sponsors various support groups for patients, families, and caregivers to ensure best outcomes and sustained wellness. Located adjacent to St. Thomas Rutherford Hospital, TrustPoint Hospital and St. Thomas Rutherford Hospital have developed a very close and collaborative relationship in which we share best practices, policy development, interventions, staff training, shared medical staff, and community response and action planning in the event of a natural or other disaster. Importantly, the services provided at TrustPoint Hospital are a direct and natural complement to the important and life sustaining services provided at St. Thomas Rutherford Hospital. TrustPoint Hospital and St. Thomas Rutherford Hospital do not, *in any way*, compete for services.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Response: There are no inpatient psychiatric services available in our primary service area, except what is provided at our hospital. Please note that it is impossible to obtain utilization and charge information from a general hospital that also offers inpatient psychiatric care. Therefore, *Attachment B.I.A* simply gives a breakdown of existing beds. The chart below, on the other hand, lists those facilities that offer only inpatient psychiatric care, so utilization and patient charge information is available and reported.

There will be no negative impact on existing services, as inpatient psychiatric services are non-existent except for what has already been approved for the Applicant. The closest inpatient psychiatric services to the Applicant are in Davidson, Cannon and Williamson Counties, and this project should not affect those facilities.

Psychiatric Beds Contiguous to Service Area
Average Patient Charges, Per Diem, in Nearest Dollars
Average Occupancy Rate, Rounded to Nearest Percent

<u>Year</u>	<u>Facility</u>	<u>County</u>	<u>Occ</u>	<u>Avg Gross</u>	<u>Avg Deduct</u>	<u>Avg Net</u>
2008	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	77% (not in business)	609	388	221
2009	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	68% 42%	475 1,442	293 704	182 737
2010	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	59% 69%	714 1,526	621 757	93 769
2011	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	54% 74%	686 1,524	545 761	141 763
2012	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	85% 100%	853 1,551	716 783	137 768
2013	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	85% (no report filed)	867	744	123
2014	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	86% 80%	753 1,722	663 919	90 803

TrustPoint Hospital began operations with the admission of its first patient on September 4, 2012. From its opening through March 31, 2016, the Hospital has admitted 10,671 patients. *Attachment B.II.C.1* illustrates total admissions to the Hospital for all service lines, delineated by county of origin. For the inclusive period, 58% of patients identify their residence within Rutherford or Bedford County. Davidson and Coffee Counties comprise the next largest segment of the population seeking treatment at TrustPoint Hospital, with 12% of total admissions. The remaining patients self-report their residence in other counties. However, like Davidson and Coffee Counties, many of those patients are referred to TrustPoint Hospital from other health care providers or service agencies within Rutherford and Bedford County.

Attachment B.II.C.2 illustrates total admissions to adult psychiatry, delineated by county of origin. For the inclusive period of September 4, 2012 through March 31, 2016, adult psychiatry admitted 4,051 patients, with 47% of patients identifying their residence as Rutherford or Bedford County. Consistent with total Hospital admissions, Davidson and Coffee Counties comprise the next largest segment of the population seeking adult psychiatric care at TrustPoint Hospital, with 15% of total admissions. Adult psychiatry admissions routinely cross county lines for, but not limited to, the following reasons: patient

choice, facility diversion in other counties, insurance contract requirements, placement by State of Tennessee Mandatory Pre-Screeners pursuant to Tennessee Code 33-6-404, patient's preferred physician, and the transient nature of the mentally ill population.

Attachment B.II.C.3 illustrates total admissions to geriatric psychiatry, delineated by county of origin. For the inclusive period of September 4, 2012 through March 31, 2016, geriatric psychiatry admitted 1,187 patients, with 50% of patients identifying their residence as Rutherford or Bedford County. Consistent with total Hospital admissions, Davidson and Coffee Counties comprise the next largest segment of the population seeking geriatric psychiatry care at TrustPoint Hospital, with 16% of total admissions. Geriatric psychiatry admissions routinely cross county lines for, but not limited to, the following reasons: patient choice, facility diversion in other counties, insurance contract requirements, placement by Mandatory Pre-Screeners pursuant to Tennessee Code 33-6-404, family preference to be close to loved one, nursing home physician affiliations and the transient nature of the mentally ill population.

Attachment B.II.C.4 illustrates total admissions to physical medicine/rehabilitation, delineated by county of origin. For the inclusive period of September 4, 2012 through March 31, 2016, physical medicine/rehabilitation admitted 981 patients, with 73% of patients identifying their residence as Rutherford or Bedford County. Coffee and Cannon Counties comprise the next largest segment of the population seeking physical medicine/rehabilitation care at TrustPoint Hospital, with 9% of total admissions. Physical medicine/rehabilitation admissions routinely cross county lines for, but not limited to, the following reasons: patient and family choice, insurance contract requirements, physician affiliations, and service provision that best meets the patient's clinical profile.

Attachment B.II.C.5 illustrates total admissions to medical psychiatry/detox, delineated by county of origin. For the inclusive period of July 27, 2014 through March 31, 2016, medical psychiatry/detox admitted 224 patients, with 51% of patients identifying their residence as Rutherford or Bedford County. Consistent with total Hospital admissions, Davidson and Wilson Counties comprise the next largest segment of the population seeking medical psychiatry/detox care at TrustPoint Hospital, with 14% of total admissions. Medical psychiatry/detox admissions routinely cross county lines for, but not limited to, the following reasons: patient choice, no similar service available in Middle Tennessee, insurance contract requirements, placement by Mandatory Pre-Screeners pursuant to Tennessee Code Annotated 33-6-404, family preference to be close to loved one, and the transient nature of the mentally ill population.

In addition, the following charts are offered and may be referenced later in this application:

Attachment B.II.C.6 – historic occupancy rate by service, by quarter, from opening through the first quarter of 2016

Attachment B.II.C.7 – projected occupancy rate by service, for Years 1 and 2;

Attachment B.II.C.8 – total psychiatric admissions by month from opening through the first quarter of 2016.

Attachment B.II.C.9 – total adult and geriatric psychiatry admissions by month from opening through the first quarter of 2016.

Attachment B.II.C.10 – total psychiatry admissions trended by month from opening through December, 2018;

Attachment B.II.C.11 – total adult and geriatric psychiatry admissions trended by month from opening through December 2018;

Attachment B.II.C.12 – total physical medicine/rehabilitation admissions by month from opening through the first quarter of 2016;

Attachment B.II.C.13 – total physical medicine/rehabilitation admissions trended by month from opening through December 2018;

Attachment B.II.C.14 – total medical psychiatry/detox admissions by month from opening through the first quarter 2016;

Attachment B.II.C.15 – total medical psychiatry/detox admissions trended by month from opening through December 2018;

Attachment B.II.C.16 – psychiatry average daily census by month from opening through the first quarter 2016;

Attachment B.II.C.17 – physical medicine/rehabilitation average daily census by month from opening through the first quarter 2016;

Attachment B.II.C.18 – medical psychiatry/detox average daily census by month from opening through the first quarter 2016;

Attachment B.II.C.19 – psychiatry average daily census from opening with projection through December 2018;

Attachment B.II.C.20 – physical medicine/rehabilitation average daily census from opening with projection through December 2018; and

Attachment B.II.C.21 – medical psychiatry/detox average daily census from opening with projection through December 2018.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

Response: Very specific actual occupancy data, by service, from opening through March 31, 2016 is provided in attachments provided for sections B.II.B and B.II.C for the application. Some of these charts provide actual occupancy or actual admissions data, usually, by month. Other attachments provide not only historic occupancy rates, but provide projected occupancy trends. Please note that on some of these charts, the projections are statistically derived from the Applicant's actual historical data which is then utilized to create a prospective trend line. Such projections do not account for the expected immediate growth related to increased capacity to serve the adult psychiatric population.

In determining the number of beds requested in this application, the Applicant has considered: (1) its management team's experiences in developing psychiatric hospitals; (2) the time periods of increasing patient volumes in previously underserved areas; (3) the indicated need for psychiatry beds in accordance with the primary service area population and *Guidelines for Growth*; and (4) interviews with multiple individuals, including management personnel at St. Thomas Rutherford Hospital (Murfreesboro), Heritage Medical Center (Shelbyville), psychiatrists with established medical practices in Murfreesboro, several primary care physicians, and counselors at Middle Tennessee State University. Of prime importance was the trending and ramp-up progression that has occurred at TrustPoint Hospital since opening.

The Standards and Criteria of 30 beds per 100,000 formula was utilized. The age bracket in the Department's estimates for ages 15-19 was estimated at being 40% adult (ages 18 and 19, or 2 of the 5 years reported in that bracket). While this estimate is not exact, it is statistically defensible when consistently used, as it was. As a result, approximately 75% of the total population would be considered adult (18 and over), 8.1% of the total population would be considered adolescent (13 to 17), and the remaining 16.9% of the population would be considered child (under 13 years old).

The total population projection for the service area in 2020 is given on the following chart:

**Total Population Estimates: Rutherford and Bedford Counties
2020
Resultant Psychiatric Bed Need**

County	2020
Rutherford	339,557
Bedford	49,410
Total	338,967
Bed Need	102

Source: Tennessee Population Projections, 2010 – 2020, Division of Health Statistics, Tennessee Department of Health; Bed Need based on 30 beds/100,000 population.

Using the population figures in the previous chart, the formula shows that there currently exists a total need for 102 psychiatric beds by 2020. Using the statistics previously mentioned, there would be a resultant need for approximately 77 adult psychiatric beds, plus 9 adolescent psychiatric beds, plus 16 child psychiatric beds. TrustPoint currently operates 72 total psychiatric beds (44 Adult, plus 28 Geriatric).

Statistics from credible reports can be used to measure psychiatric bed need in a given service area. According to a 2010 Substance Abuse and Mental Health Services Administration report on mental health, the use of inpatient treatment for mental health conditions had averaged 0.9% of the U.S. adult population during recent years. Using that percentage and applying it to the 2020 service area adult population of 338,967, there would be 3,051 admissions made to psychiatric hospitals or psychiatric hospital units, and this amount does not include recidivism.

It is important to point out some of the statistics reflected on *Attachment B.II.B.1*. This attachment shows the Admission and Denial Statistics for Adult Psychiatry at our hospital since the first of 2014 through the 1st quarter of 2016. Specifically, note that the last quarter of 2015 plus the first quarter of 2016 shows that the number of non-admissions due to "Diverted – No Bed Available" and "Diverted – Appropriate Referred (No Appropriate Service Line)" totals 1,762 separate and individual patients who have been referred to our facility and were denied admission because we had no space for them. Based on our average length of stay, these admissions denials would have resulted in 73.4 patients (average daily census) in the last quarter of 2015, and 83.1 patients (ADC) in the first quarter of 2016. These are patients that are not receiving care who could have received care had our current expansion requests been in place.

There will be no negative impact on existing services, as inpatient psychiatric services are non-existent except for what has already been approved for the Applicant. The closest inpatient psychiatric services to the Applicant are in Davidson, Cannon and Williamson Counties, and this project should not affect those facilities. Since there are no other hospitals in our primary service area that provide the types of care we provide, the approval of this application will have no effect on any other facilities in our primary service area.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

Response: The Project Costs Chart is completed.

The filing fee amount has been inserted and added.

There are no FMV or lease payments since this the existing building/land has been approved in a prior CON application, and the additional land required for this project is owned by the Applicant's owner.

June 27, 2016**9:26 am****PROJECT COSTS CHART****A. Construction and equipment acquired by purchase.**

1. Architectural and Engineering Fees	\$ 3,317,928
2. Legal, Administrative (Excluding CON Filing Fee), Consultant	100,000
3. Acquisition of Site	4,810,000
4. Preparation of Site	1,100,000
5. Construction Costs	40,988,716
6. Contingency Fund	4,356,345
7. Fixed Equipment (Not included in Construction Contract)	650,000
8. Moveable Equipment (List all equipment over \$50,000)*	1,952,116
9. Other (Specify)	
<hr/>	
Subsection A Total	\$ 57,275,105

B. Acquisition by gift, donation, or lease.

1. Facility (Inclusive of Building and Land) (FMV)	0
2. Building Only	
3. Land Only	
4. Equipment (Specify)	
5. Other (Specify)	
<hr/>	
Subsection B Total	0

C. Financing costs and fees

1. Interim Financing	
2. Underwriting Costs	
3. Reserve for One Year's Debt Service	
4. Other (Specify)	
<hr/>	
Subsection C Total	0

D. Estimated Project Cost (A + B + C)	\$ 57,275,105
E. CON Filing Fee	\$ 45,000
F. Total Estimated Project Cost (D + E)	\$ 57,320,105
TOTAL	\$ 57,320,105

June 29, 2016**10:14 am****2. Identify the funding sources for this project.**

- a. Please check the applicable item(s) below and briefly summarize how the project will be financed. (*Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.*)

- X A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- D. Grants--Notification of intent form for grant application or notice of grant award; or
- E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- F. Other—Identify and document funding from all other sources.

Response: This project will be financed by a revolving line of credit furnished by Bank of America, and Acadia is the owner of the credit line.. The Applicant has furnished a letter attesting that the Applicant has sufficient assets to implement this project (see *Attachment C.EF.2*).

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response: An approximate 119,500 GSF new building will be constructed which will contain most of the new beds being requested. There will also be an approximate 3,372 GSF addition to the existing hospital (which will house an additional 7 rehab beds, plus an approximate 4,500 GSF covered connector will be added between the new building and the existing hospital.

The total cost of this project (\$57,275,105) amounts to an average total cost of \$477,293 per bed (88 hospital beds plus 32 residential beds). Construction cost of \$40,988,716 results in an average construction cost of \$341,573 per bed, and \$321.81 per GSF (\$40,988,716 construction costs divided by 127,372 GSF. Patient charges will not increase as a result of the approval of this application. The Applicant has sufficient funds for this project.

According to the HSDA website, Hospital Renovation Cost Per Square Foot Years: 2013 – 2015 indicates that 1st, Median, and 3rd Quartile amounts average \$244.85, \$308.43, and \$374.32. Our cost \$321.81 (based on construction costs) shows that our project is financially feasible. Please see *Attachment B.II.A*.

4. Complete Historical and Projected Data Charts on the following two pages--Do not modify the Charts provided or submit Chart substitutions! Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the Proposal Only (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Response: Historical and Projected Data Charts are completed.

HISTORICAL DATA CHART – ENTIRE HOSPITAL

Give information for the last *three (3)* years for which complete data are available for the facility or agency.

The fiscal year begins in January (month).

Response:

	Yr-3 Year Ended 12/31/2015	Yr-2 Year Ended 12/31/2014	Yr-1 Year Ended 12/31/2013
A. Utilization/Occupancy Rate	<u>73 ADC</u>	<u>58 ADC</u>	<u>39ADC</u>
B. Revenue from Services to Patients			
1. Inpatient Services	<u>50,297,478</u>	<u>38,784,819</u>	<u>26,357,276</u>
2. Outpatient Services	<u>1,484,241</u>	<u>1,197,222</u>	<u>276,280</u>
3. Emergency Services	<u>0</u>	<u>0</u>	<u>0</u>
4. Other Operating Revenue (Physician Billings)	<u>1,451,628</u>	<u>585,337</u>	<u>41,694</u>
Gross Operating Revenue	<u>53,233,348</u>	<u>40,567,378</u>	<u>26,675,250</u>
C. Deductions from Operating Revenue			
1. Contractual Adjustments	<u>28,036,103</u>	<u>20,382,388</u>	<u>13,421,286</u>
2. Provision for Charity Care	<u>313,750</u>	<u>214,898</u>	<u>153,464</u>
3. Provision for Bad Debt	<u>1,056,602</u>	<u>270,838</u>	<u>285,701</u>
Total Deductions	<u>29,406,455</u>	<u>20,868,124</u>	<u>13,860,450</u>
NET OPERATING REVENUE	<u>23,826,893</u>	<u>19,699,254</u>	<u>12,814,800</u>
D. Operating Expenses			
1. Salaries and Wages	<u>9,008,023</u>	<u>7,821,859</u>	<u>6,419,752</u>
2. Physician's Salaries and Wages	<u>2,062,060</u>	<u>1,277,965</u>	<u>138,170</u>
3. Supplies	<u>1,571,223</u>	<u>1,381,016</u>	<u>1,004,480</u>
4. Taxes	<u>1,221,021</u>	<u>1,033,214</u>	<u>1,011,174</u>
5. Depreciation	<u>1,490,877</u>	<u>1,457,763</u>	<u>1,360,626</u>
6. Rent	<u>1,348,642</u>	<u>1,332,779</u>	<u>930,754</u>
7. Interest, other than Capital	<u>1,503,180</u>	<u>1,604,334</u>	<u>1,754,543</u>
8. Management Fees:			
a. Fees to Affiliates	<u>83,801</u>	<u>0</u>	<u>0</u>
b. Fees to Non-Affiliates	<u>0</u>	<u>0</u>	<u>0</u>
9. Other Expenses (attached)	<u>4,717,254</u>	<u>4,214,923</u>	<u>3,396,670</u>
Total Operating Expenses	<u>23,006,081</u>	<u>20,123,853</u>	<u>16,016,168</u>
E. Other Revenue (Expenses)-Net (E.H.R. incentives/dietary)	<u>509,359</u>	<u>979,794</u>	<u>1,744,091</u>
NET OPERATING INCOME (LOSS)	<u>1,330,171</u>	<u>555,195</u>	<u>(1,457,277)</u>
F. Capital Expenditures			
1. Retirement of Principal (Paid in Cash)	<u>480,626</u>	<u>274,357</u>	<u>320,614</u>
2. Interest	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Expenditure	<u>480,626</u>	<u>274,357</u>	<u>320,614</u>
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	<u>849,545</u>	<u>280,838</u>	<u>(1,777,891)</u>

**Other Expenses
Historical Data Chart**

Item D 9 - Other Expenses	<u>Yr-3</u>	<u>Yr-2</u>	<u>Yr-1</u>
Employee Benefits	\$ 1,187,358	\$ 1,086,906	\$ 730,965
Contract services	2,657,749	2,020,799	1,347,486
Professional Fees	350,706	431,478	618,150
Insurance	209,695	303,207	382,253
Other	311,746	372,533	317,815
Total	\$ 4,717,254	\$ 4,214,923	\$ 3,396,670

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this project. The fiscal year begins in October (month)

	<u>Yr -1</u>	<u>Yr -2</u>	<u>Yr - 3</u>
A. Utilization/Occupancy Rate	<u>64 ADC</u>	<u>79 ADC</u>	<u>90 ADC</u>
B. Revenue from Service Patients			
1. Inpatient	\$ 34,996,200	\$ 42,106,400	\$ 47,872,800
2. Outpatient	\$ -	\$ -	
3. Emergency	\$ -	\$ -	
4. Other (Physician Billings)	\$ 1,116,079	\$ 1,351,543	\$ 1,513,890
Gross Operating Revenue	\$ 36,112,279	\$ 43,457,943	\$ 49,386,690
C. Deductions from Operating Revenue			
1. Contractuals	\$ 19,476,790	\$ 23,389,155	\$ 26,018,552
2. Charity Care	\$ 227,475	\$ 273,692	\$ 311,173
3. Bad Debt	\$ 361,057	\$ 435,589	\$ 507,366
Total Deductions	\$ 20,065,322	\$ 24,098,435	\$ 26,837,091
NET OPERATING REVENUE	\$ 16,046,957	\$ 19,359,508	\$ 22,549,599
D. Operating Expenses			
1. Salaries and Wages	\$ 7,538,702	\$ 8,538,310	\$ 9,387,081
2. Physician's Salaries and Wages	\$ 1,272,000	\$ 1,309,350	\$ 1,312,863
3. Supplies	\$ 1,294,000	\$ 1,549,000	\$ 1,847,000
4. Taxes	\$ 1,159,000	\$ 1,241,000	\$ 1,323,000
5. Depreciation	\$ 1,307,500	\$ 1,370,208	\$ 1,437,917
6. Rent	\$ 210,000	\$ 210,000	\$ 211,750
7. Interest, other than Capital	\$ -	\$ -	\$ -
8. Management Fees:			
a. Fees to Affiliates	\$ -	\$ -	\$ -
b. Fees to Non-Affiliates	\$ -	\$ -	\$ -
9. Other Expenses (attached)	\$ 4,702,000	\$ 5,020,000	\$ 5,491,500
Total Operating Expenses	\$ 17,483,202	\$ 19,237,868	\$ 21,011,111
E. Other Revenue (Expenses)-Net (Dietary)	\$ 36,000	\$ 36,000	\$ 36,000
NET OPERATING INCOME (LOSS)	\$ (1,400,245)	\$ 157,640	\$ 1,574,488
F. Capital Expenditures			
1. Retirement of Principal (Paid in Cash)	\$ 300,000	\$ 325,000	\$ 350,000
2. Interest			
Total Capital Expenditures	\$ 300,000	\$ 325,000	\$ 350,000
OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ (1,700,245)	\$ (167,360)	\$ 1,224,488

Other Expenses
Projected Data Chart

Item D 9 – Other Expenses	<u>Yr - 1</u>	<u>Yr - 2</u>	<u>Yr - 3</u>
Employee Benefits	\$ 1,055,000	\$ 1,182,000	\$ 1,285,000
Contract Services	\$ 1,985,000	\$ 2,176,000	\$ 2,450,250
Professional Fees	\$ 372,000	\$ 372,000	\$ 384,000
Insurance	\$ 540,000	\$ 540,000	\$ 564,000
Other	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 808,250</u>
	\$ 4,702,000	\$ 5,020,000	\$ 5,491,500

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Response: *Attachment C.EF.5* reports the requested information, by service line. Please note that these charges/deductions reflect historic data for TrustPoint, and these charges/deductions are not expected to change as a result of this project.

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Response: *Attachment C.EF.5* reports the requested information, by service line. Please note that these charges/deductions reflect historic data for TrustPoint, and these charges/deductions are not expected to change as a result of this project.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response: There are no inpatient psychiatric services available in our primary service area, except what is provided at our hospital. Please note that it is impossible to obtain utilization and charge information from a general hospital that also offers inpatient psychiatric care. Therefore, *Attachment B.I.A* simply gives a breakdown of existing beds. The chart below, on the other hand, lists those facilities that offer only inpatient psychiatric care, so utilization and patient charge information is available and reported.

There will be no negative impact on existing services, as inpatient psychiatric services are non-existent except for what has already been approved for the Applicant. The closest inpatient psychiatric services to the Applicant are in Davidson, Cannon and Williamson Counties, and this project should not affect those facilities.

Psychiatric Beds Contiguous to Service Area
Average Patient Charges, Per Diem, in Nearest Dollars
Average Occupancy Rate, Rounded to Nearest Percent

<u>Year</u>	<u>Facility</u>	<u>County</u>	<u>Occ</u>	<u>Avg Gross</u>	<u>Avg Deduct</u>	<u>Avg Net</u>
2008	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	77% (not in business)	609	388	221
2009	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	68% 42%	475 1,442	293 704	182 737
2010	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	59% 69%	714 1,526	621 757	93 769
2011	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	54% 74%	686 1,524	545 761	141 763
2012	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	85% 100%	853 1,551	716 783	137 768
2013	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	85% (no report filed)	867	744	123
2014	Mid TN Mental Health Inst Rolling Hills	Davidson Williamson	86% 80%	753 1,722	663 919	90 803

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response: We anticipate high utilization rates will be sufficient to maintain cost-effectiveness of our hospital. It is important to keep in mind the tremendous unmet need for psychiatric care that currently exists, and will probably continue to exist following approval of this application.

The Projected Data Chart indicates a Year 1 startup loss. Year 2 projections are almost break-even year, and Year 3 projections indicate sufficient utilization rates thereafter to maintain positive cash flow following implementation of this project. It is important to remember that these projections are for the additional beds, only. If factoring in the entire facility, there will be a positive cash flow prior to Year 3.

It is important for the Applicant to operate a cost-effective facility in order to have sufficient funds to provide care for those who cannot afford needed care.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response: We anticipate high utilization rates will be sufficient to maintain cost-effectiveness of our hospital. It is important to keep in mind the tremendous unmet need for psychiatric care that currently exists, and will probably continue to exist following approval of this application.

The Projected Data Chart indicates a Year 1 startup loss. Year 2 projections an almost break-even year, and Year 3 projections indicate sufficient utilization rates thereafter to maintain positive cash flow following implementation of this project. It is important to remember that these projections are for the additional beds, only. If factoring in the entire facility, there will be a positive cash flow prior to Year 3.

It is important for the Applicant to operate a cost-effective facility in order to have sufficient funds to provide care for those who cannot afford needed care.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Response: *Attachment B.I.C* illustrates the house-wide and service line percentages of each payer source that we have served from inception through March 31, 2016. The service line percentages are not expected to change significantly as a result of the bed conversion. We expect the percentage of Medicaid and Self Pay/Unfunded admissions to increase on a house-wide basis due to the relative growth in psychiatric services resulting from the proposed bed conversion.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Response: See *Attachment C.EF.10*.

11. **Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:**
- a. **A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.**

Response: Trustpoint Hospital has considered two alternatives: (1) applying for Certificate of Need to increase bed capacity and service line offerings for adult and pediatric psychiatry patients through new facility construction, or (2) doing nothing and failing to meet our commitment to serve the sick and vulnerable in Rutherford and Bedford Counties and environs. The second alternative was rejected as inconsistent with the values and intent of the Hospital's leadership team and clinical staff. Moreover, no similar services exist to meet the demand for care in Rutherford and Bedford Counties.

- b. **The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.**

Response: Trustpoint Hospital has considered two alternatives: (1) applying for Certificate of Need to increase bed capacity and service line offerings for adult and pediatric psychiatry patients through new facility construction, or (2) doing nothing and failing to meet our commitment to serve the sick and vulnerable in Rutherford and Bedford Counties and environs. The second alternative was rejected as inconsistent with the values and intent of the Hospital's leadership team and clinical staff. Moreover, no similar services exist to meet the demand for care in Rutherford and Bedford Counties.

TrustPoint is one of the most modern hospitals in Tennessee, having opened in 2012.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

Response: Please see *Attachment A.13*.

The Applicant has a Patient Transfer Agreement with St. Thomas Rutherford Hospital, and a Mutual Aid Memorandum of Understanding with Rolling Hills Hospital in Franklin. Both of these documents are included as *Attachment C.OD.1*.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

Response: The approval of this project will only result in positive outcomes. First, there are no other providers of inpatient psychiatric care or physical medicine rehabilitation beds in our service area, so the approval of this project will have no negative effects on the existing health care system. Second, no other providers have applied to provide such care. And, third, there will remain an unmet need for inpatient psychiatric care even with the approval of this project.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

Response: Comparable clinical staff in the service area as published by the Tennessee Department of Labor & Workforce Development are included in *Attachment C.OD.3*.

Upon full implementation of this Certificate of Need proposal, additional clinical staff will be required to meet the anticipated demand by patients. All clinical staff will be recruited consistent with the Hospital's existing Human Resource practices, which include: advertisement in local and regional newspapers, recruitment web sites, work fairs, universities, colleges, and direct applications from prospective employees.

The proposed services will be initially staffed by existing employees. Additional employees will be hired as census demand increases. Current and proposed staffing and salary/wage data are an average of cost by category of employee. Please see *Attachment C.OD.3.1* for specific staffing charts.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Response: Upon full implementation of this Certificate of Need proposal, additional clinical staff will be required to meet the anticipated demand by patients. All clinical staff will be recruited consistent with the Hospital's existing Human Resource practices, which include: advertisement in local and regional newspapers, recruitment web sites, work fairs, universities, colleges, and direct applications from prospective employees.

As our facility is located only miles from the geographic center of Tennessee, our hospital is readily accessible for employees throughout Middle Tennessee. Further, many professional schools other than Belmont and MTSU are graduating nurses, social workers, etc. in the Middle Tennessee area. We have training relationships with a number of these facilities, as noted in the response to question 6 of this section of the Application.

5. **Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs*, record keeping, and staff education.**

Response: The Applicant is familiar with all licensing certification requirements for medical/clinical staff.

6. **Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

Response: TrustPoint Hospital is dedicated to delivering high quality care to patients that is safe, efficient and reliable. As an organization committed to these qualities in health care delivery, TrustPoint Hospital embraces its duty to develop and train future clinical staff to care for the sick, poor and vulnerable in our community. To accomplish this mission, TrustPoint Hospital affiliates with the following colleges, universities and programs for on-site clinical training and practicum to train aspiring health care professionals.

- Belmont University
 - Nursing
 - Occupational Therapy
 - Pharmacy
 - Physical Therapy
- Eastern Tennessee State University
 - Nursing
- Middle Tennessee State University
 - Nursing
 - Speech Therapy
- Motlow College
 - Nursing
- Tennessee State University
 - Occupational Therapy
 - Physical Therapy
- Volunteer State Community College
 - Physical Therapy

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

Response: The Applicant is familiar with all licensure requirements of the regulatory agencies of the State.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Response:

Licensure: Tennessee Department of Health, Tennessee Department of Mental Health and Substance Abuse Services (residential beds)

Accreditation: Medicare, Medicaid/TennCare, JCAHO

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

Response: Both the current license and a copy of JCAHO certification are included as Attachment C.OD.7.c.

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

Response: The Applicant was inspected by the Office of Health Licensure and Regulation for several days in January, 2016, and no deficiencies were noted. Please see *Attachment C.OD.7.d.*

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Response: There have been no final orders or judgments as are contemplated by this question.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

Response: There have been no final orders or judgments as are contemplated by this question.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

Response: The Applicant will provide all data contemplated by this question.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Response: Please see attached tear sheet. If the requested documentation is not attached, it will be submitted once received.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the “good cause” for such an extension.

Form HF0004
Revised 05/03/04
Previous Forms are obsolete

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in Rule 68-11-1609(c): 09/28/2016.

Assuming the CON approval becomes the final agency action on that date; indicate the number of day **from the above agency decision date** to each phase of the completion forecast.

<u>Phase</u>	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1. Architectural and engineering contract signed	<u>30</u>	<u>10/2016</u>
2. Construction documents approved, TDOH	<u>180</u>	<u>04/2017</u>
3. Construction contract signed	<u>30</u>	<u>05/2017</u>
4. Building permit secured	<u>30</u>	<u>06/2017</u>
5. Site preparation completed	<u>90</u>	<u>09/2017</u>
6. Building construction commenced	<u>7</u>	<u>09/2017</u>
7. Construction 40% complete	<u>146</u>	<u>02/2018</u>
8. Construction 80% complete	<u>146</u>	<u>07/2018</u>
9. Construction 100% complete (app., occupancy)	<u>73</u>	<u>09/2018</u>
10. *Issuance of license	<u>90</u>	<u>12/2018</u>
11. *Initiation of service	<u>30</u>	<u>01/2019</u>
12. Final Architectural Certification of Payment	<u>30</u>	<u>10/2018</u>
13. Final Project Report Form (HF0055)	<u>30</u>	<u>02/2019</u>

*** For projects that do NOT involve construction or renovation : Please complete items 10 and 11 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

E. Graham Baker, Jr., being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of his knowledge.

E. Graham Baker, Jr.
SIGNATURE/TITLE

Sworn to and subscribed before me this 14th day of June, 2016, a
(month) (year)

Williamson 

Notary Public in and for the County/State of Davidson/Tennessee.



Ashley Allen
NOTARY PUBLIC

My commission expires 07/08/2019
(Month/Day) (Year)

PSYCHIATRIC INPATIENT SERVICES

A. Need

1. **The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in Joint Annual Reports).**

Response: The Standard and Criteria of 30 beds per 100,000 formula was utilized.

2. **For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.**

Response: Very specific actual occupancy data, by service, from opening through March 31, 2016 is provided in attachments provided for sections B.II.B and B.II.C for the application. Some of these charts provide actual occupancy or actual admissions data, usually, by month. Other attachments provide not only historic occupancy rates, but provide projected occupancy trends. Please note that on some of these charts, the projections are statistically derived from the Applicant's actual historical data which is then utilized to create a prospective trend line. Such projections do not account for the expected immediate growth related to increased capacity to serve the adult psychiatric population.

In determining the number of beds requested in this application, the Applicant has considered: (1) its management team's experiences in developing psychiatric hospitals; (2) the time periods of increasing patient volumes in previously underserved areas; (3) the indicated need for psychiatry beds in accordance with the primary service area population and *Guidelines for Growth*; and (4) interviews with multiple individuals, including management personnel at St. Thomas Rutherford Hospital (Murfreesboro), Heritage Medical Center (Shelbyville), psychiatrists with established medical practices in Murfreesboro, several primary care physicians, and counselors at Middle Tennessee State University. Of prime importance was the trending and ramp-up progression that has occurred at TrustPoint Hospital since opening.

The Standards and Criteria of 30 beds per 100,000 formula was utilized. The age bracket in the Department's estimates for ages 15-19 was estimated at being 40% adult (ages 18 and 19, or 2 of the 5 years reported in that bracket). While this estimate is not exact, it is statistically defensible when consistently used, as it was. As a result, approximately 75% of the total population would be considered adult (18 and over), 8.1% of the total population would be considered adolescent (13 to 17), and the remaining 16.9% of the population would be considered child (under 13 years old).

The total population projection for the service area in 2020 is given on the following chart:

**Total Population Estimates: Rutherford and Bedford Counties
2020
Resultant Psychiatric Bed Need**

County	2020
Rutherford	339,557
Bedford	49,410
Total	338,967
Bed Need	102

Source: Tennessee Population Projections, 2010 – 2020, Division of Health Statistics, Tennessee Department of Health; Bed Need based on 30 beds/100,000 population.

Using the population figures in the previous chart, the formula shows that there currently exists a total need for 102 psychiatric beds by 2020. Using the statistics previously mentioned, there would be a resultant need for approximately 77 adult psychiatric beds, plus 9 adolescent psychiatric beds, plus 16 child psychiatric beds. TrustPoint currently operates 72 total psychiatric beds (44 Adult, plus 28 Geriatric).

Statistics from credible reports can be used to measure psychiatric bed need in a given service area. According to a 2010 Substance Abuse and Mental Health Services Administration report on mental health, the use of inpatient treatment for mental health conditions had averaged 0.9% of the U.S. adult population during recent years. Using that percentage and applying it to the 2020 service area adult population of 338,967, there would be 3,051 admissions made to psychiatric hospitals or psychiatric hospital units, and this amount does not include recidivism.

It is important to point out some of the statistics reflected on *Attachment B.II.B.1*. This attachment shows the Admission and Denial Statistics for Adult Psychiatry at our hospital since the first of 2014 through the 1st quarter of 2016. Specifically, note that the last quarter of 2015 plus the first quarter of 2016 shows that the number of non-admissions due to “Diverted – No Bed Available” and “Diverted – Appropriate Referred (No Appropriate Service Line)” totals 1,762 separate and individual patients who have been referred to our facility and were denied admission because we had no space for them. Based on our average length of stay, these admissions denials would have resulted in 73.4 patients (average daily census) in the last quarter of 2015, and 83.1 patients (ADC) in the first quarter of 2016. These are patients that are not receiving care who could have received care had our current expansion requests been in place.

There will be no negative impact on existing services, as inpatient psychiatric services are non-existent except for what has already been approved for the Applicant. The closest inpatient

psychiatric services to the Applicant are in Davidson, Cannon and Williamson Counties, and this project should not affect those facilities. Since there are no other hospitals in our primary service area that provide the types of care we provide, the approval of this application will have no effect on any other facilities in our primary service area.

- 3. For child inpatient under age 13, and if adolescent program the age group of 13-17 should be used.**

Response: That age group was utilized.

- 4. These estimates for total need should be adjusted by the existent staffed beds operating in the area as counted by the Department of Health in the Joint Annual Reports.**

Response: The Applicant has been approved for 59 adult psychiatric beds and 36 geriatric psychiatric beds, but operates only 44 and 28 beds, respectively. There are no other psychiatric beds located in the service area.

B. Service Area

- 1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity or the Community Service Agency.**

Response: The requested beds will be located at TrustPoint Hospital, LLC in Murfreesboro (Rutherford County), Tennessee. The main entrance to Trustpoint Hospital is on Thompson Lane, and the site is bounded by Wilkinson Pike (formerly known as Manson Pike). Thompson Lane is an area of major construction and expansion in the Murfreesboro area, and the site is across the street from the new Middle Tennessee Medical Center. The site is 2 miles from I-24, 0.8 miles from US-41, 0.4 miles from Medical Center Parkway, and is readily accessible for patients, their families and friends, and providers.

- 2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.**

Response: Prior to the opening of TrustPoint Hospital, adults in the two-county service area who require psychiatric services often had difficulty accessing services. First, distances to psychiatric facilities in counties outside Bedford and Rutherford counties are often a problem since significant portions of the service area are an hour or more driving time from the existing providers located outside our service area. Secondly, many citizens in Bedford and Rutherford counties do not have the economic means or abilities to travel such distances for acute psychiatric care. Patients to be admitted involuntarily usually require public-provided transportation, and that is not practical for many patients and their families, so they often do not receive needed acute psychiatric care. TrustPoint admits individuals deemed by a court to require inpatient psychiatric care (i.e., involuntary admissions).

Since opening, TrustPoint Hospital has operated at high occupancy rates, and has increased the bed count on 3 occasions – twice by utilizing the “10 bed Rule” and one additional CON application. However, none of the beds at the Applicant are for children or adolescents. Such individuals continue to have to travel outside our service area for such services. This application, if approved, will add 14 child psychiatric beds plus 14 adolescent psychiatric beds. As there are no other beds located in our primary service area, the approval of this project should have no negative impact on existing providers.

Much of the population have special needs, and many individuals are living alone without transportation, or the ability to self-transport, to specialized services such as psychiatric services within a practical time frame.

According to the U.S. Department of Health and Human Services, all of Bedford County is a Medically Underserved Area, and one tract in Rutherford County is a Medically Underserved Area. Further, both Rutherford County and Bedford County have health professional shortage areas. The approval of this project will bring more health care resources to the service area. See *Attachment C.Need.4.B*.

TrustPoint Hospital is licensed as an acute care general hospital with three distinct service lines: adult and geriatric inpatient psychiatry, inpatient physical medicine/rehabilitation and inpatient medical psychiatry/detox. All current service lines treat adults age 18 and over. Approval of the Certificate of Need will add services for pediatric patients and expand the scope of services for adult patients with *severe* and *serious* mental illness and substance abuse disorders. All programs and services will accept and care for patients with commercial, managed care, Medicare, Tri-Care, and TennCare forms of payment. Physical medicine/rehabilitation serves patients with commercial, managed care, Medicare, and Tri-Care forms of payment. Pediatric services will accept and care for patients with commercial, managed care, Medicare, Tri-Care, and TennCare forms of payment. All service lines accept charity/unfunded patients as a function of our mission to serve the broader community in Rutherford and Bedford Counties.

Patients coming to TrustPoint Hospital represent the full cultural, social, economic, and racial cross-section of citizens in Rutherford, Bedford, and surrounding counties. The psychiatry and medical psychiatric/detox populations represent the most vulnerable patients. The United States Department of Health and Human Services (USDHHS) identifies disparity in access to care, care that is safe, efficient, and reliable and stigma associated with mental illness as primary obstacles

to improved mental health and general health outcomes nationally (USDHHS, 2014). According to USDHHS (2014), one in seventeen adults suffer a serious and debilitating mental illness that substantially compromises health, wellness, ability to engage in productive living, increased risk of morbidity and premature mortality. For Rutherford and Bedford Counties, these statistics inform that by 2019 nearly 21,000 adult residents will be suffering a serious and debilitating mental illness. As a highly vulnerable segment of our community, the ability to reach these individuals and provide access to care is essential to their well-being and the well-being of our community now and in the future. The USDHHS (2014) addresses the impact of serious mental illness on communities. Among other things, twenty-five percent of all lost time from work due to disability and premature death are directly tied to serious mental illness (USDHHS, 2014). The impact on the individual, their families, businesses and communities is staggering and resonates as a *call-to-action* to ensure high quality mental health services are available to meet the needs of this at-risk population.

According to USDHHS (2014), the most recent data for prevalence of serious mental illness among the pre-teen and teenage population (12-17 years) indicates that major depression affects 9.1% of the population and requires intensive treatment. Suicide attempts and completed suicides for this same population are a staggering 1.9 per 100 pre-teen and teenagers in the general population. Placing these numbers in perspective, the United States Census Bureau reported that 25% of the population living in Rutherford county, or approximately 74,653 pre-teen and teenagers, and 26.2% of the population living in Bedford County, or 11,838 pre-teen and teenagers, are in this high risk group for major depression and suicide (USCB, 2015). This information translates to combined pre-teen and teenage major depression for both counties of more than 7,870 pre-teens and teenagers and suicide attempts and successful suicides of more than 864 pre-teens and teenagers (USDHHS). These staggering numbers reflect the tremendous need for child and adolescent services for the residents of Rutherford and Bedford counties.

As a leader in health care delivery that considers the whole person, mind, body, and spirit, TrustPoint Hospital provides or arranges a full spectrum of inpatient and outpatient services to meet the clinical needs of its patients, their loved ones, and professional colleagues. In support of this mission, TrustPoint Hospital actively participates with and supports the local chapters of the American Heart Association, Alzheimer's Association, United Way, the Family Center and a host of other important partners that seek to strengthen the health and wellbeing of our community. Additionally, TrustPoint Hospital sponsors various support groups for patients, families, and caregivers to ensure best outcomes and sustained wellness. Located adjacent to St. Thomas Rutherford Hospital, TrustPoint Hospital and St. Thomas Rutherford Hospital have developed a very close and collaborative relationship in which we share best practices, policy development, interventions, staff training, shared medical staff, and community response and action planning in the event of a natural or other disaster. Importantly, the services provided at TrustPoint Hospital are a direct and natural complement to the important and life sustaining services provided at St. Thomas Rutherford Hospital. TrustPoint Hospital and St. Thomas Rutherford Hospital do not, *in any way*, compete for services.

Please see *Attachment C.Need.3* for a map of the service area.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.

Response: The State of Tennessee Health Services and Development Agency philosophy states: It "strongly favors those institutions that provide services to the elderly." Over one-third of the psychiatric patients treated by the Applicant's hospital are elderly.

The elderly have the highest need for mental health services of any segment of the population. The National Institute of Health reported that depressed older adults have the highest risk of suicide (18.5 per 100,000) of any age group. As many as 40% of nursing home residents have co-morbidity and co-existing psychiatric illnesses. TrustPoint Hospital provides improved accessibility and cost effectiveness by offering a continuum of inpatient services in close proximity to the patients' homes.

As previously stated, there are no child or adolescent psychiatric beds in the service area, so the approval of this application will add needed services for the Tennessee residents we serve.

2. The proposal's relationship to underserved geographic areas and underserved population groups as identified in state, city, county and/or regional plans and other documents should be a significant consideration.

Response: TrustPoint Hospital is the only psychiatric facility located in Bedford and Rutherford Counties.

According to the U.S. Department of Health and Human Services, all of Bedford County is a Medically Underserved Area, and one tract in Rutherford County is a Medically Underserved Area. Further, both Rutherford County and Bedford County have health professional shortage areas. The approval of this project will bring more health care resources to the service area. See *Attachment C.Need.4.B.*

The Applicant will care for all persons who are in need of inpatient psychiatric care, without regard to race, gender, or the patient's ability to pay. In fact, this application targets the elderly, as about half of the beds will be for geriatric patients if this application is approved.

3. The impact of the proposal on similar services supported by state appropriations should be assessed and considered.

Response: There are no other psychiatric health care providers supported by State appropriations in the service area of Bedford and Rutherford counties.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

Response: The Applicant's hospital admits all patients requiring inpatient psychiatric care, whether the admission is voluntary or involuntary. The involuntary admissions are important in the service area, given those individuals are usually more acutely ill than other patients, and they need acute psychiatric care closer to their home and attending physician(s).

Although the Applicant's psychiatry service is designed for acute psychiatric care, with average lengths of stay of 10 to 12 days for adults aged 18 through 64, and 12 to 14 days for elderly patients, the Applicant occasionally admits a patient who needs longer term care. The Applicant's hospital will stabilize those patients in the acute setting, and will work with other providers to find the most clinically appropriate long-term setting for those individuals.

5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

Response: *Attachment B.I.C* illustrates the house-wide and service line percentages of each payer source that we have served from inception through March 31, 2016. The service line percentages are not expected to change significantly as a result of the bed conversion. We expect the percentage of Medicaid and Self Pay/Unfunded admissions to increase on a house-wide basis due to the relative growth in psychiatric services resulting from the proposed bed conversion.

D. Relationship to Existing Similar Services in the Area.

1. The area's trends in occupancy and utilization of similar services should be considered.

Response: There are no similar services in the service area.

2. Accessibility to specific special need groups should be an important factor.

Response: TrustPoint is located on Thompson Lane in Murfreesboro (Rutherford County), Tennessee, and is accessible by major roads to all residents in Bedford and Rutherford counties. The site is two miles from the Medical Center Parkway exit of Interstate Highway 24, which is the major transportation artery through the service area. Middle Tennessee Medical Center, the largest general hospital in the service area, is across the street from the Applicant's new hospital. Two other general hospitals are in the service area: 1) Stonecrest Medical Center, in Smyrna, is

approximately 14 miles to the north and is adjacent to I-24, and 2) Heritage Medical Center is approximately 28 miles to the south on Highway 231, in Shelbyville.

Due to the proximity to major highways and local providers of inpatient medical care, the Applicant's hospital is accessible with reasonable travel time to all residents of the service area.

E. Feasibility

The ability of the applicant to meet Tennessee Department of Mental Health licensure requirements (related to personnel and staffing for psychiatric inpatient facilities) should be considered.

Response: The Applicant has been licensed and open since 2012, and no deficiencies have been noted by Licensure. Further the new owner of the Applicant has extensive experience in operating such facilities.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
Rehab Therapy						2,189				
Dialysis						1,493				
ECT						1,670				
Administration						4,104				
Linens/EVS						1,855				
Materials Management						1,048				
Kitchen/Dining						6,370				
Gym/Activity Center						3,667				
Day School						3,923				
Child/Adolescent RTC						16,164				
Child Unit						8,082				
Adolescent Unit						8,082				
Geriatric Unit						17,264				
Adult Unit						13,679				
Adult Co-Occurring Unit						12,459				
Existing Hospital Expansion						3,372				
Connector						4,500				
B. Unit/Depart. GSF Sub-Total						109,921				
C. Mechanical/ Electrical GSF						2,000				
D. Circulation /Structure GSF						15,451				
E. Total GSF						127,372			127,372	\$ 321.81

ATTACHMENT B.I.C

Payer Mix from Inception through 03/31/2016

House-wide Payor Mix		
Payor	Number of Admissions	Percentage by Payor
BCR	3,988	29%
COM	2,739	20%
MCD	1,517	11%
MCR	3,854	28%
MGD	1,334	10%
SEL	249	2%
WRK	20	0%
Total Admissions	13,701	100%

*includes sub-acute admissions

Legend	
BCR	Blue Cross Blue Sheild
COM	Commercial
MCD	Medicaid
MCR	Medicare
MGD	Managed Medicare
SEL	Self
WRK	Workers Comp

Adult Psychiatry Payor Mix		
Payor	Number of Admissions	Percentage by Payor
BCR	975	24%
COM	730	18%
MCD	914	23%
MCR	935	23%
MGD	443	11%
SEL	51	1%
Total Admissions	4,048	100%

Geriatric Psychiatry Payer Mix		
Payer	Number of Admissions	Percentage by Payer
BCR	118	6%
COM	91	5%
MCD	58	3%
MCR	1269	63%
MGD	471	23%
SEL	2	0%
Total Admissions	2,009	100%

Physical Medicine & Rehabilitation Payor Mix		
Payor	Number of Admissions	Percentage by Payor
BCR	236	19%
COM	125	10%
MCD	5	0%
MCR	702	56%
MGD	162	13%
SEL	8	1%
WRK	13	1%
Total Admissions	1,251	100%

Medical Psychiatry/Detox Payor Mix		
Payor	Number of Admissions	Percentage by Payor
BCR	159	24%
COM	108	17%
MCD	52	8%
MCR	239	37%
MGD	60	9%
SEL	31	5%
Total Admissions	649	100%

Ambulatory Surgical Treatment Center Construction Cost Per Square Foot**Years: 2013 – 2015***Due to insufficient sample size, Construction ranges are not available.***Hospital Construction Cost Per Square Foot****Years: 2013 – 2015**

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$160.66/sq ft	\$244.85/sq ft	\$196.62/sq ft
Median	\$223.91/sq ft	\$308.43/sq ft	\$249.67/sq ft
3rd Quartile	\$297.82/sq ft	\$374.32/sq ft	\$330.50/sq ft

*Source: CON approved applications for years 2013 through 2015***Nursing Home Construction Cost Per Square Foot****Years: 2013 – 2015**

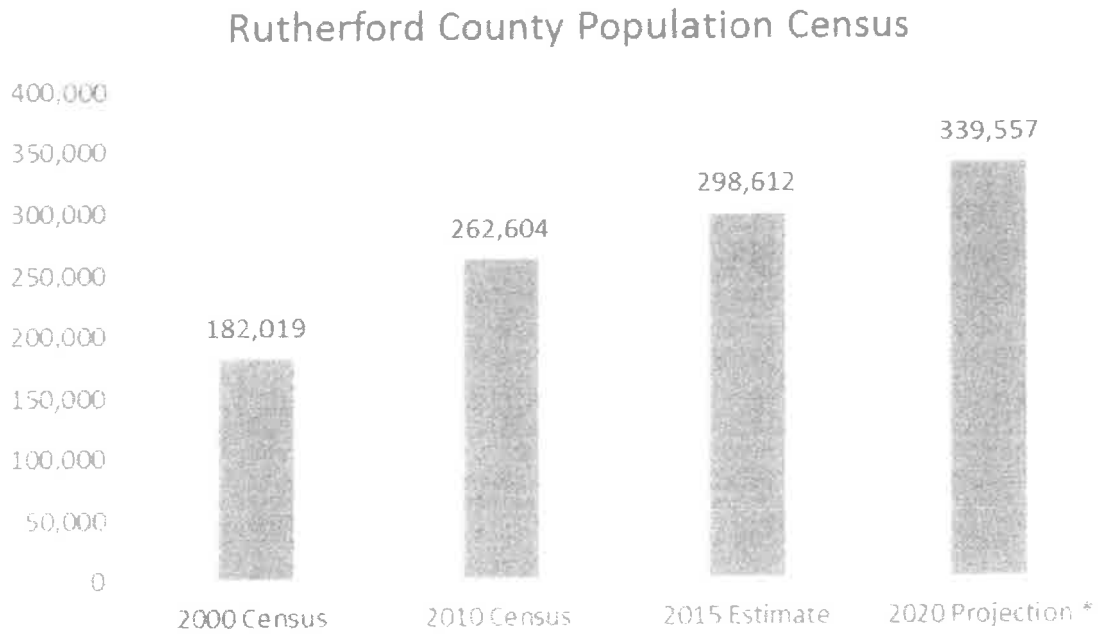
	Renovated Construction	New Construction	Total Construction
1st Quartile	\$46.91/sq ft	\$152.80/sq ft	\$122.37/sq ft
Median	\$90.00/sq ft	\$172.14/sq ft	\$152.80/sq ft
3rd Quartile	\$101.01/sq ft	\$185.00/sq ft	\$172.14/sq ft

*Source: CON approved applications for years 2013 through 2015***Outpatient Diagnostic Center Construction Cost Per Square Foot****Years: 2013 – 2015***Due to insufficient sample size, Construction ranges are not available.**As of 4/25/2016*

Admission and Denial Statistics Adult Psychiatry

Admission and Denial Statistics 2014 - 2016YTD									
	Q12014	Q22014	Q32014	Q42014	Q12015	Q22015	Q32015	Q42015	Q12016
Total Referrals	1082	1138	1336	1211	1742	2280	2374	2229	2599
Admissions	436	466	550	587	606	633	647	674	732
Non-Admissions	646	672	786	624	1136	1647	1727	1555	1867
Diverted - No Bed Available	117	63	148	49	275	569	464	237	435
Diverted - Appropriate Referral (No Appropriate Service Line)	154	233	235	251	330	374	451	590	500
Diverted - Not Appropriate	375	376	403	324	531	704	812	728	932
Total Non-Admissions	646	672	786	624	1136	1647	1727	1555	1867

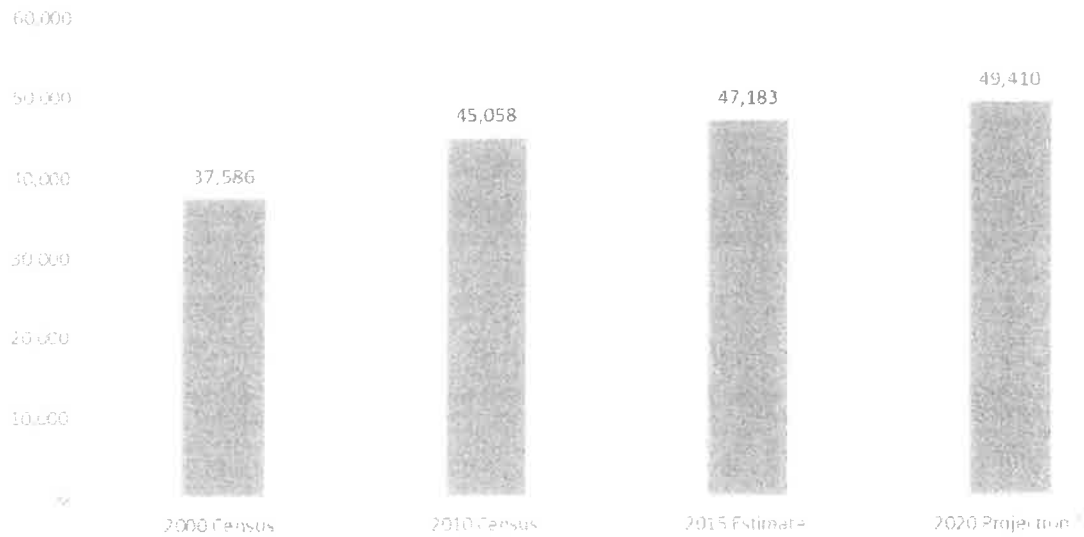
Rutherford County Population Census Growth and Projections (Nielson, 2013)



* Rutherford County projection extrapolated from 2000 – 2015 census data per www.census.gov

Bedford County Population Census Growth and Projections

Bedford County Population Census

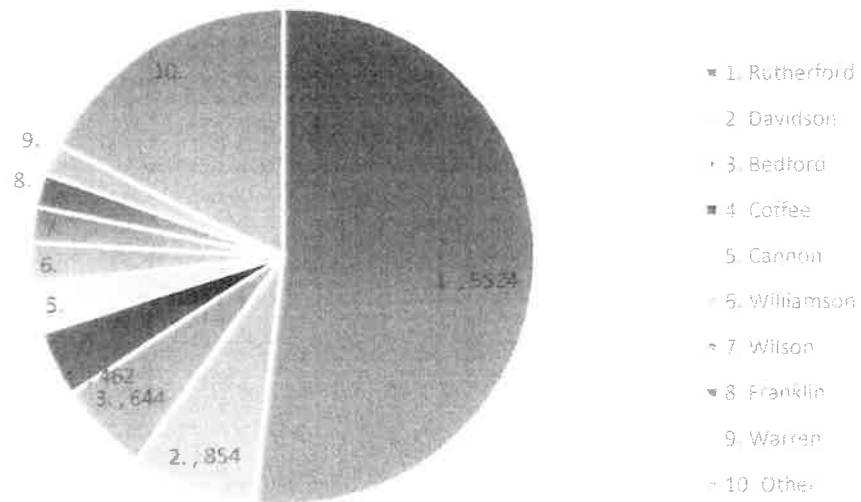


* Bedford County projection extrapolated from 2000 – 2015 census data per www.census.gov

ATTACHMENT B.II.C.1

Total Admissions by County from Inception through 03/31/2016

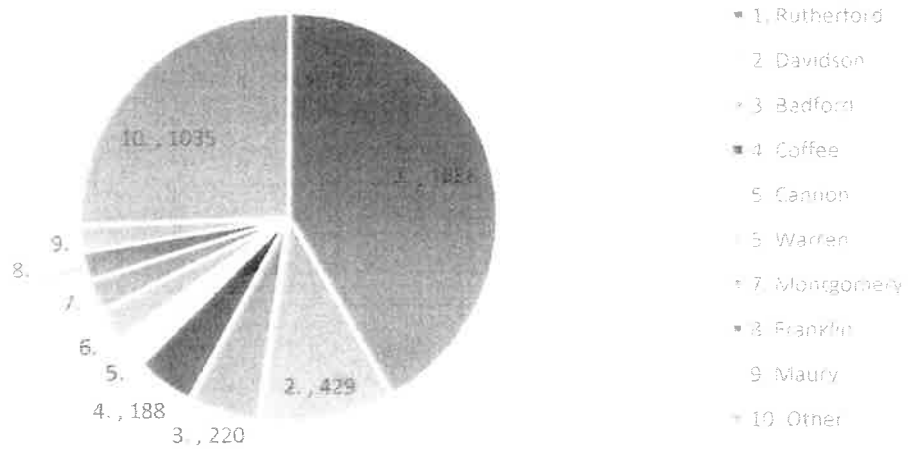
Total Admissions: Inception through 3/31/2016



ATTACHMENT B.II.C.2

Total Adult Psychiatry Admissions by County from 09/04/2012 through 03/31/2016.

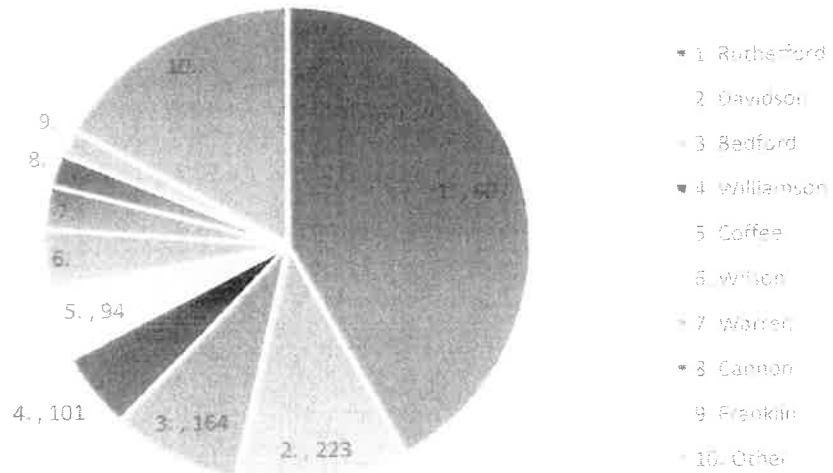
Adult Psychiatry Admissions: Inception through 3/31/2016



ATTACHMENT B.II.C.3

Total Geriatric Psychiatry Admissions by County from 09/04/2012 through 03/31/2016.

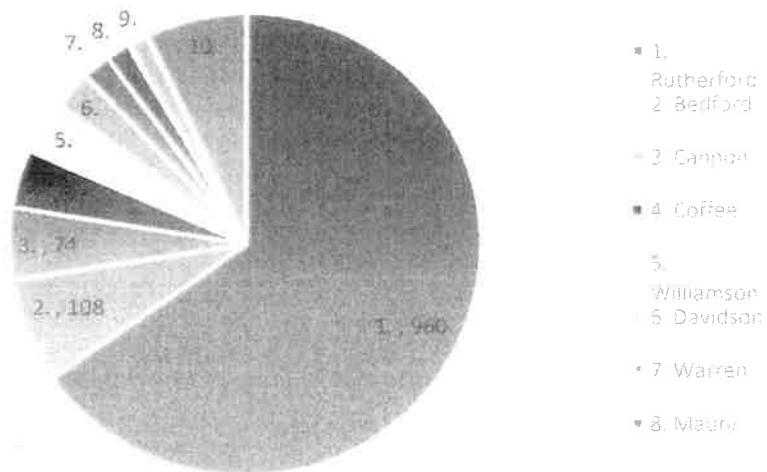
Geriatric Psychiatry Admissions: Inception through 3/31/2016



ATTACHMENT B.II.C.4

Total Physical Medicine/Rehabilitation Admissions by County from 09/04/2012 through 03/31/2016.

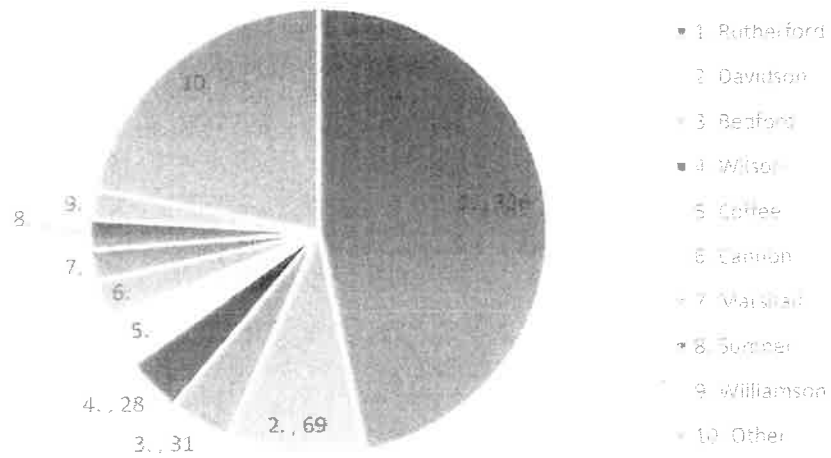
Physical Medicine/Rehabilitation Admissions: Inception through 3/31/2016



ATTACHMENT B.II.C.5

Total Medical Psychiatry/Detox Admissions by County from 07/27/2012 through 03/31/2016.

Medical Psychiatry/Detox Admissions Inception
through March 31, 2016



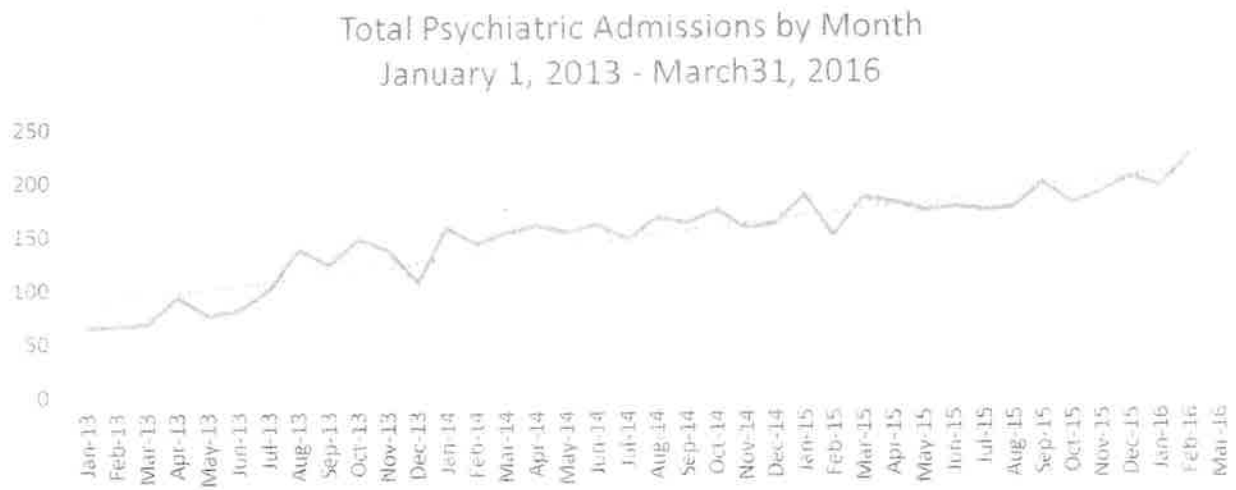
Occupancy Rate by Service Line by Q1, 2013 – Q1, 2016.

Occupancy Rate by Service Line Quarterly Trend													
	Q12013	Q22013	Q32013	Q42013	Q12014	Q22014	Q32014	Q42014	Q12015	Q22015	Q32015	Q42015	Q12016
Adult ADC	7.3	7.4	12.9	16.7	22.2	19.4	20.4	23.1	28.7	27.4	29.3	34.1	40.0
Capacity	20	20	20	25	25	25	25	31	31	31	31	44	44
Occupancy	37%	37%	65%	67%	89%	78%	82%	74%	93%	88%	95%	77%	91%
Geriatric ADC	13.0	16.1	17.9	17.8	18.3	21.4	21.4	20.6	23.6	24.7	22.4	22.7	23.6
Capacity	20	20	20	25	25	25	25	28	28	28	28	28	28
Occupancy	65%	81%	90%	71%	73%	86%	86%	73%	84%	88%	80%	81%	84%
Rehabilitation ADC	10.1	12.4	13.6	11.1	14.2	14.8	15.2	13.5	13.6	15.5	14.6	13.9	15.1
Capacity	27	27	27	27	27	27	27	27	27	27	27	18	18
Occupancy	37%	46%	50%	41%	53%	55%	56%	50%	50%	57%	54%	77%	84%
Medical ADC	0	0	0	0	0	0	4.5	5.3	4.9	5.9	6.2	5.4	5.9
Capacity	0	0	0	0	0	0	10	10	10	10	10	10	10
Occupancy	N/A	N/A	N/A	N/A	N/A	N/A	45%	53%	49%	59%	62%	54%	59%

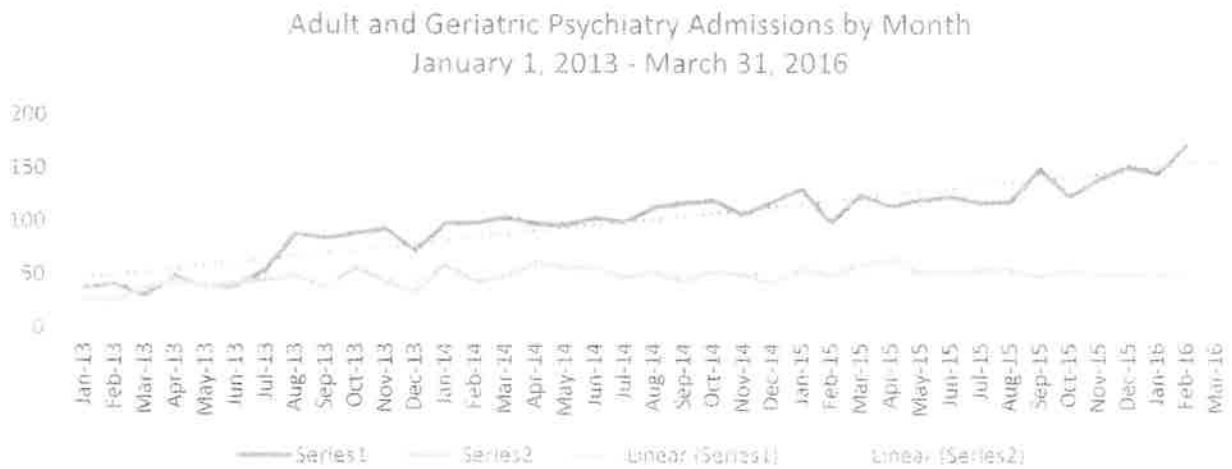
Projected Year 1 and Year 2 Occupancy Rate by Service Line.

Occupancy Rate by Service Line Projection		
	Year 1	Year 2
Psych		
Adult ADC	69.0	77.0
Capacity	111	111
Occupancy	62%	69%
 Geriatric ADC	 27.0	 27.0
Capacity	36	36
Occupancy	75%	75%
 Child/Adolescent ADC	 17.0	 21.0
Capacity	28	28
Occupancy	61%	75%
 Rehabilitation ADC	 16.0	 16.5
Capacity	24	24
Occupancy	67%	69%
 Medical ADC	 12.0	 13.5
Capacity	18	18
Occupancy	67%	75%

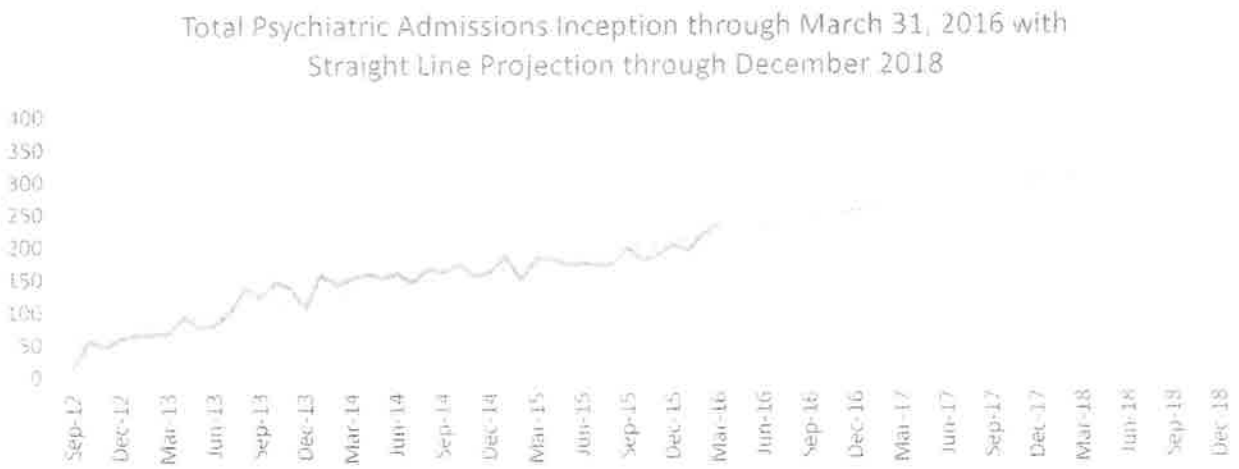
Total Psychiatric Admissions by Month from Inception through 03/31/2016.



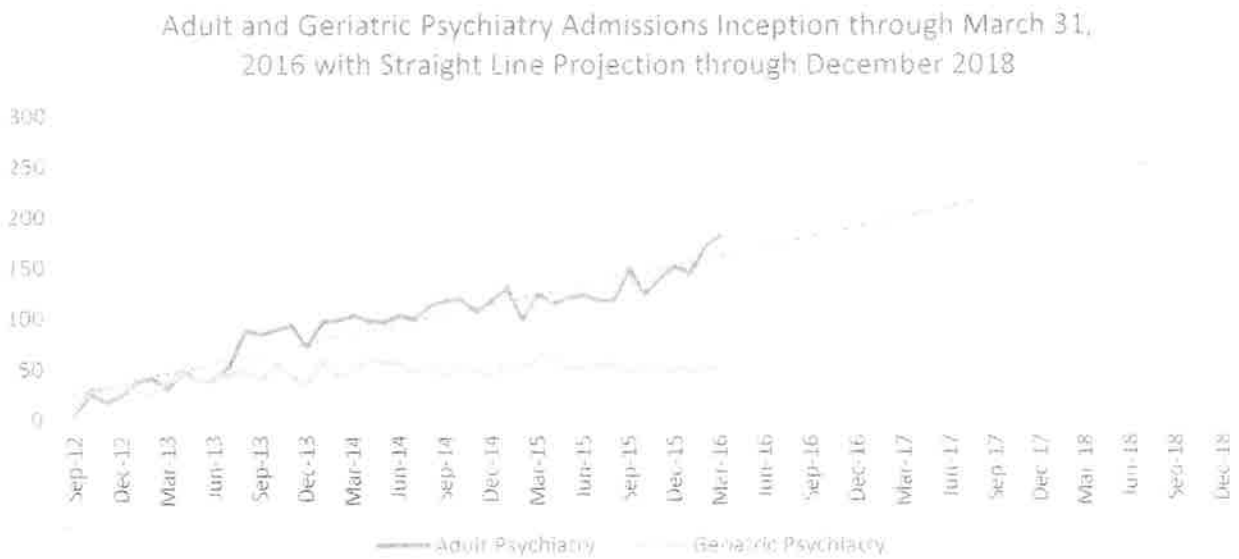
Total Adult and Geriatric Psychiatry Admissions by Month from Inception through 03/31/2016



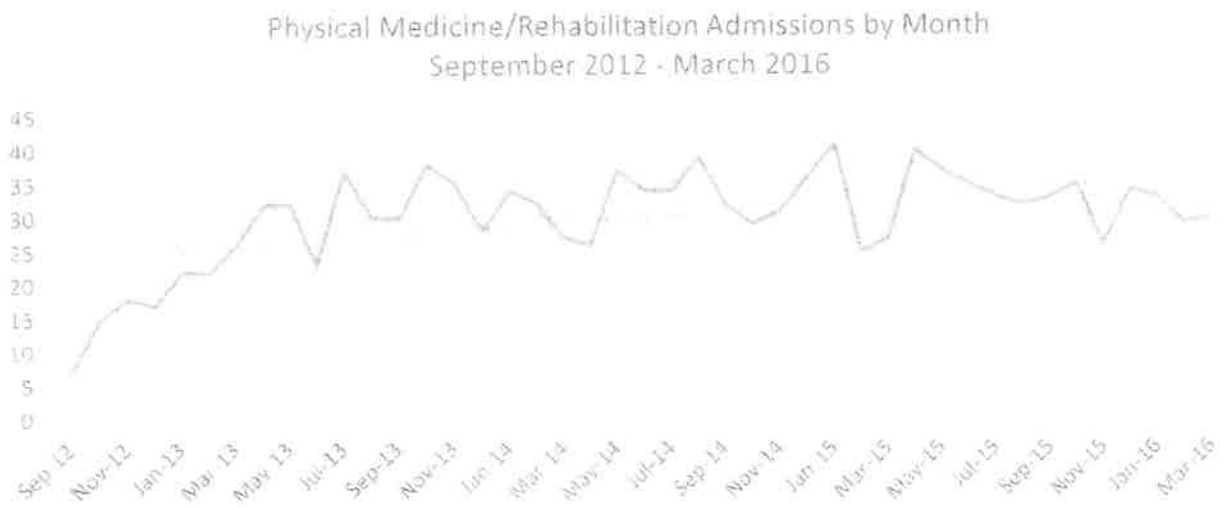
Total Psychiatry Admissions Trended by Month from Inception through 12/2018.



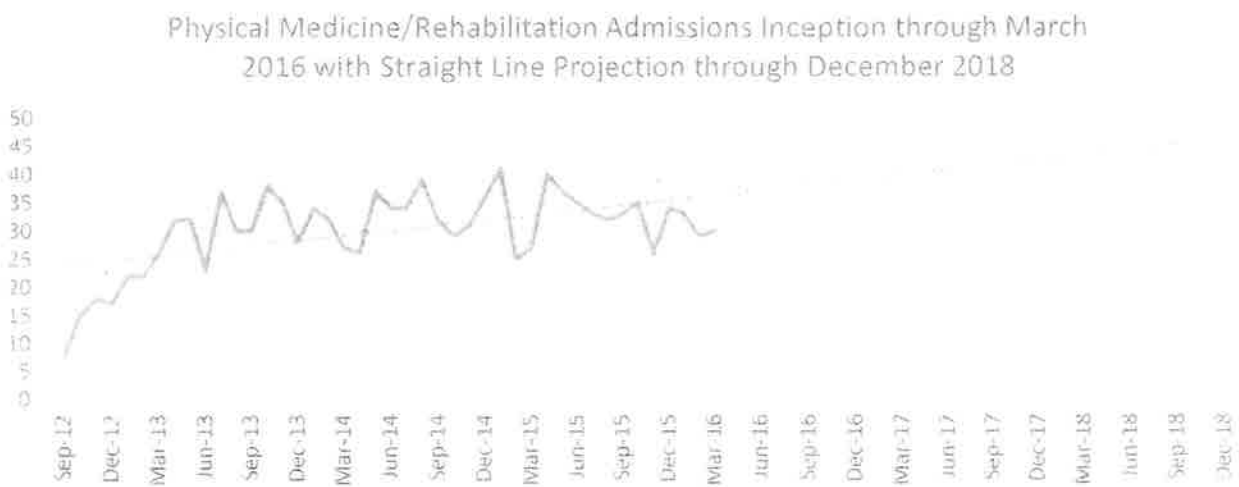
Total Adult and Geriatric Psychiatry Admissions Trended by Month from Inception through 12/2018.



Total Physical Medicine/Rehabilitation Admissions by Month from Inception through 03/2016.

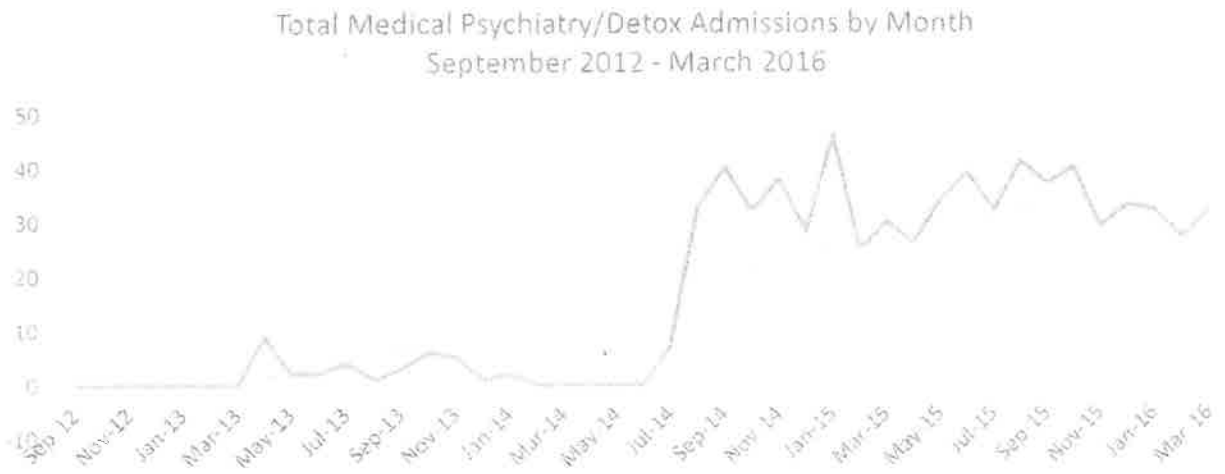


Total Physical Medicine/Rehabilitation Admissions Trended by Month from Inception through 12/2018.

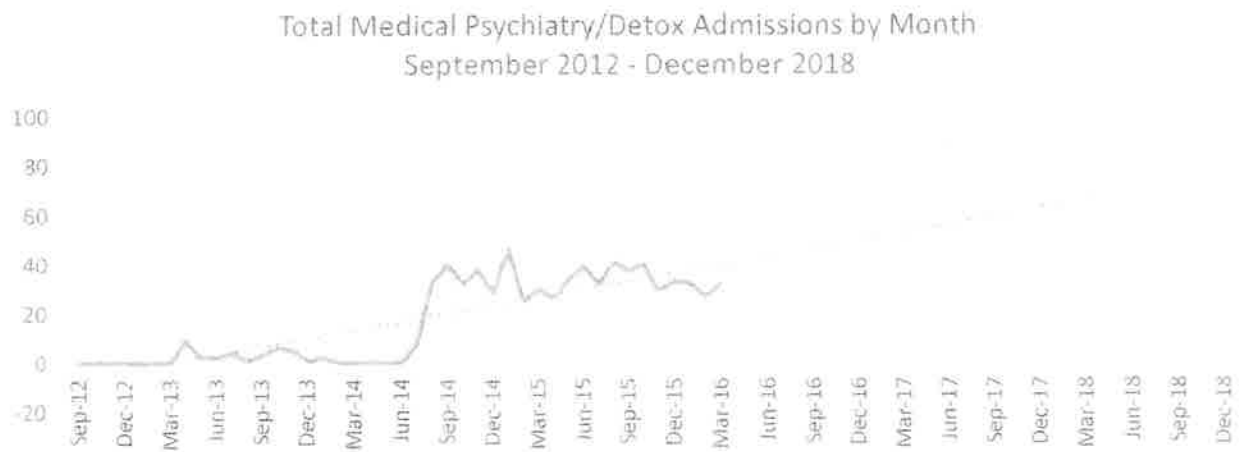


ATTACHMENT B.II.C.14

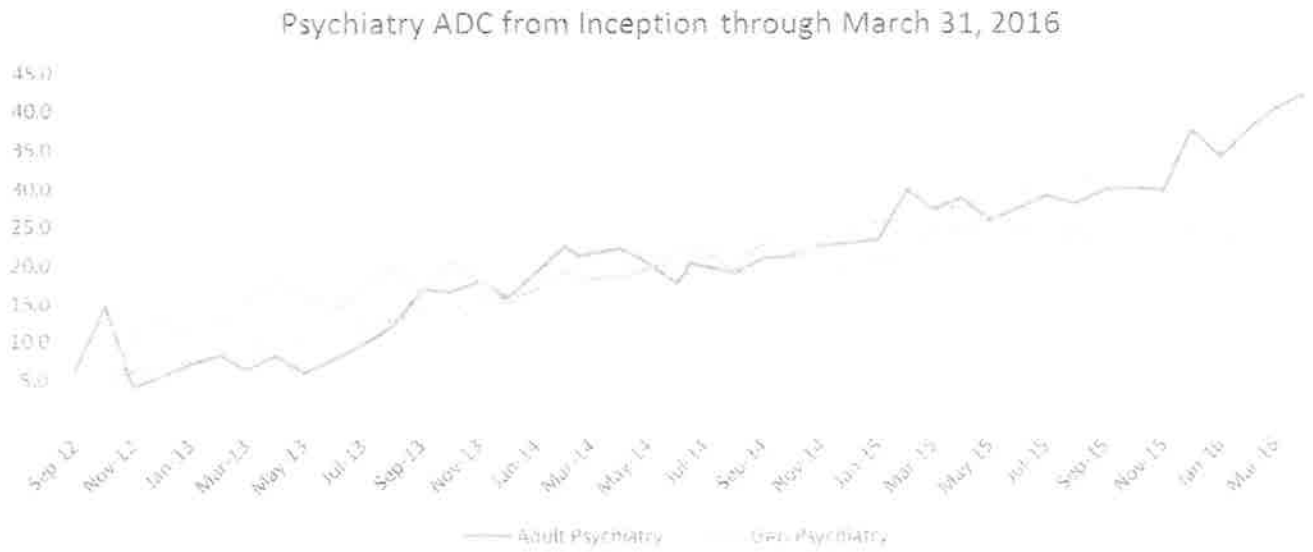
Total Medical Psychiatry/Detox Admissions Trended by Month from Inception through 03/2016.



Total Medical Psychiatry/Detox Admissions Trended by Month from Inception through 12/2018.

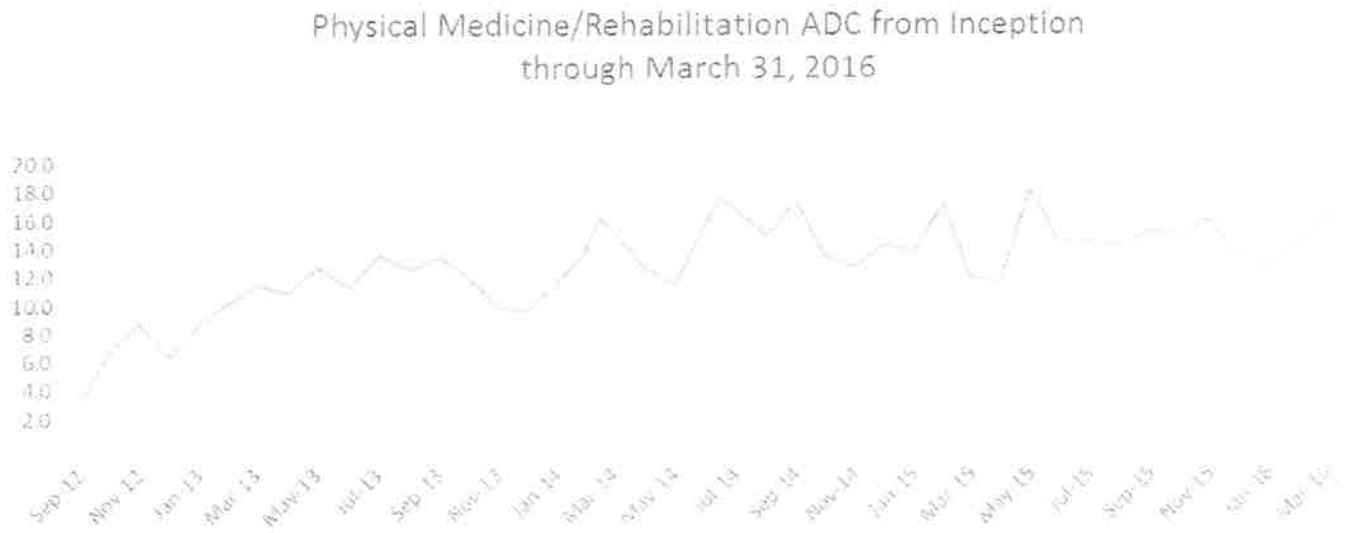


Psychiatry Average Daily Census from Inception through 03/31/2016.



ATTACHMENT B.II.C.17

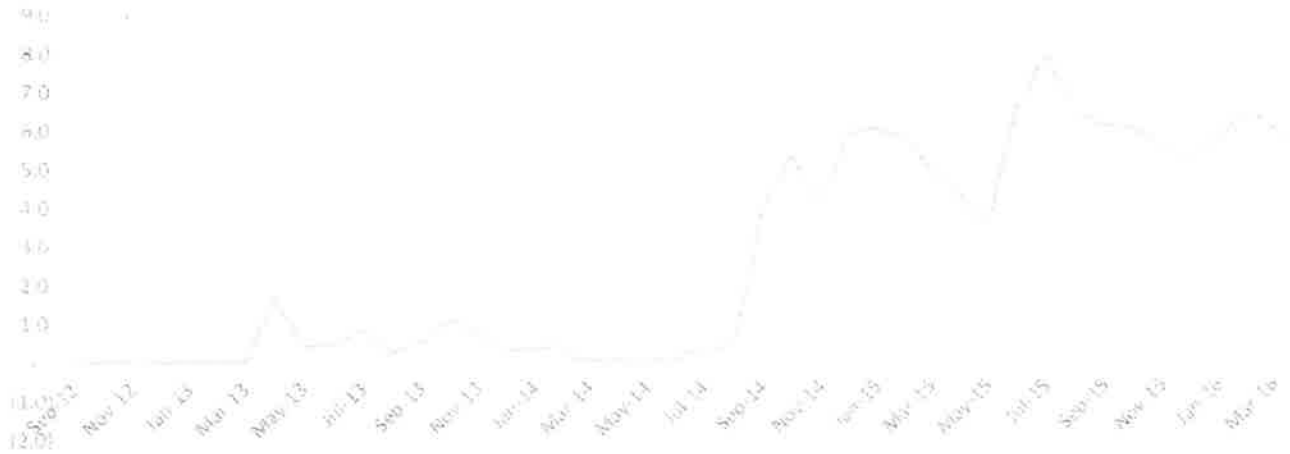
Physical Medicine/Rehabilitation Average Daily Census from Inception through 03/31/2016.



ATTACHMENT B.II.C.18

Medical Psychiatry/Detox Average Daily Census from Inception through 03/31/2016.

Medical Psychiatry/Detox ADC from Inception through March 31, 2016

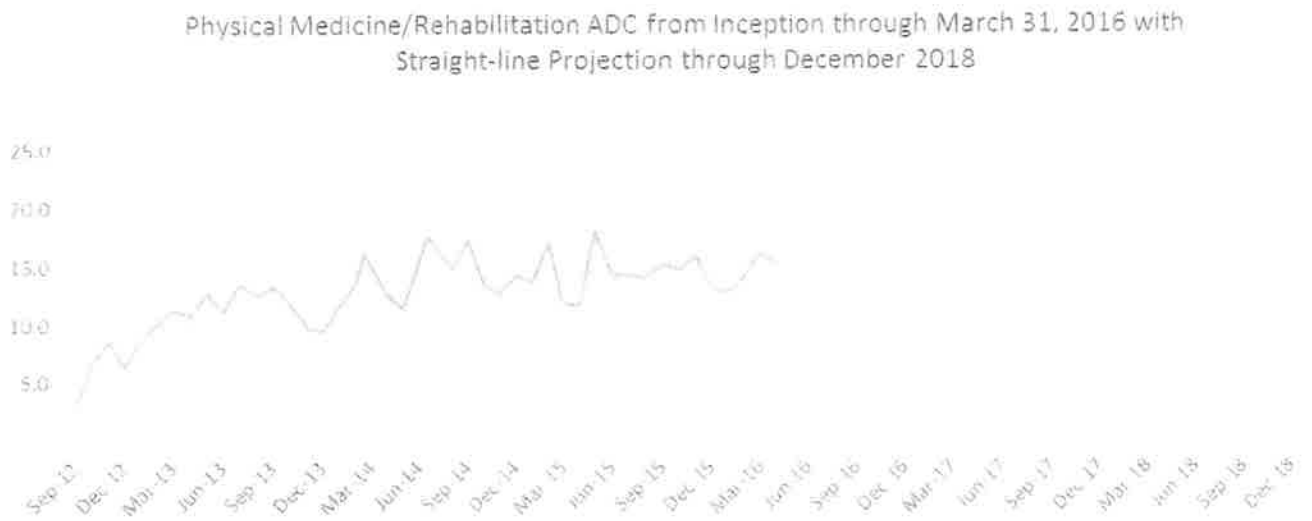


Psychiatry Average Daily Census from Inception through 03/31/2016 with Straight-line Projection through 12/2018.

Psychiatry ADC from Inception through March 31, 2016 with
Straight-line Projection through December 2018



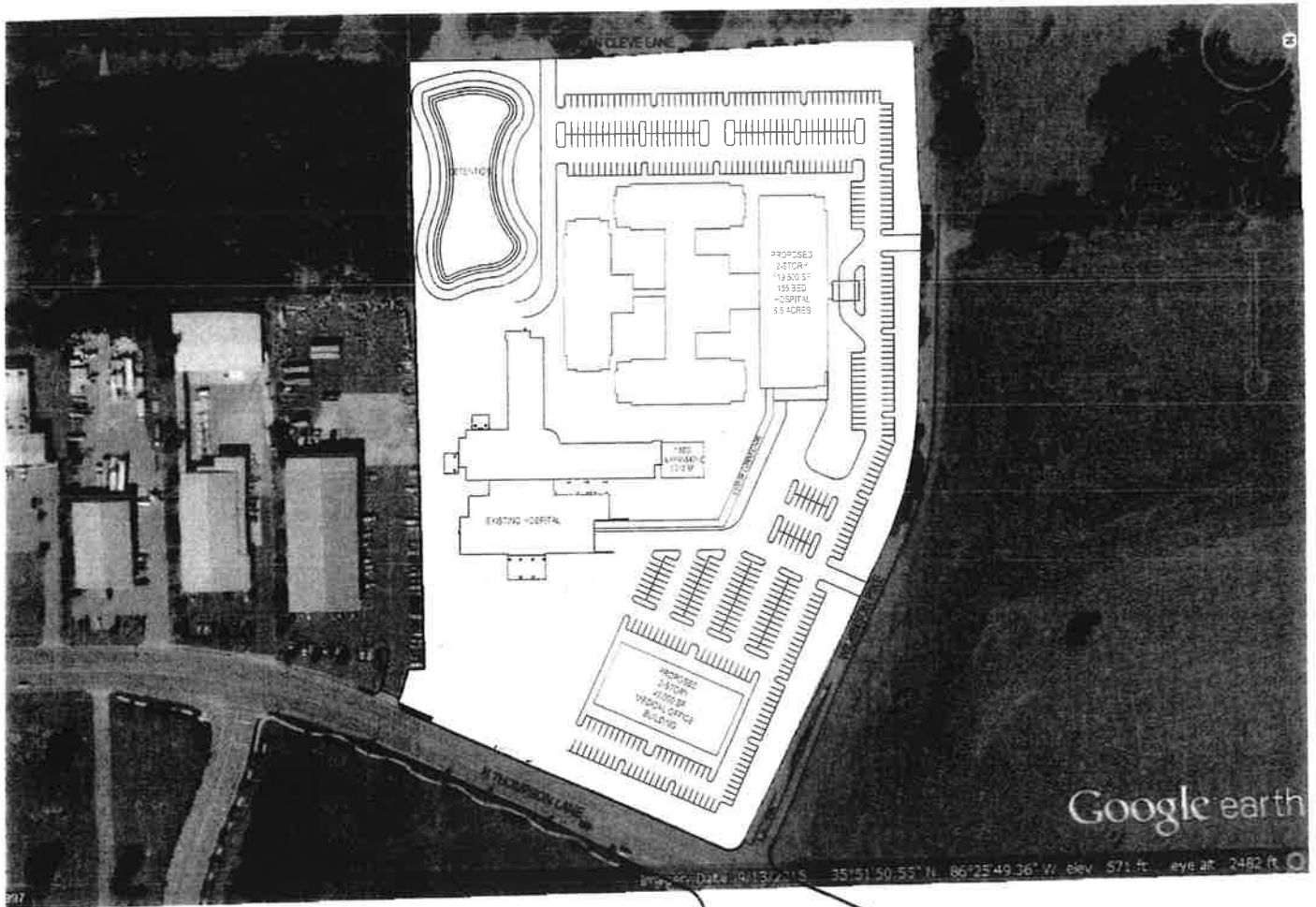
*Physical Medicine/Rehabilitation Average Daily Census from Inception through 03/31/2016 with
Straight-line Projection through 12/2018.*

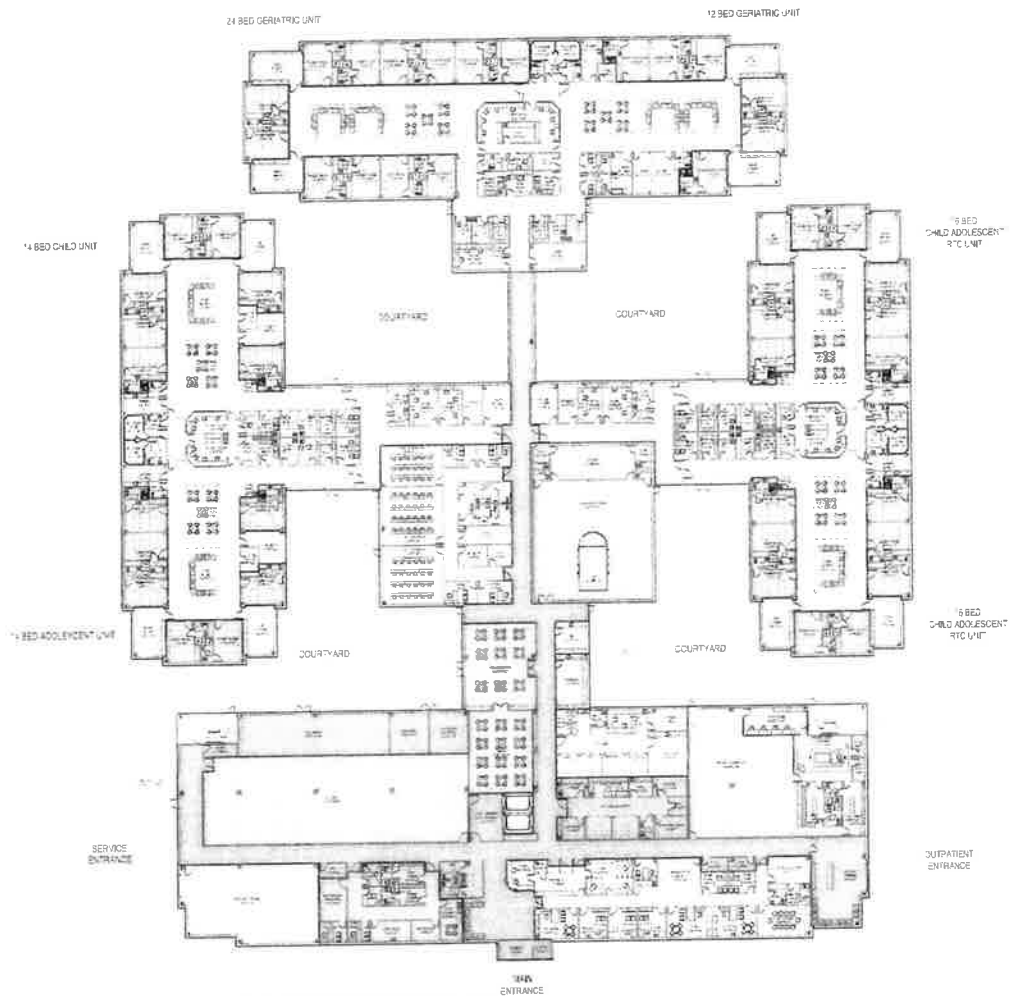


*Medical Psychiatry/Detox Average Daily Census from Inception through 03/31/2016 with
Straight-line Projection through 12/2018.*

Medical Psychiatry/Detox ADC from Inception through March 31, 2016 with
Straight-line Projection through December 2018

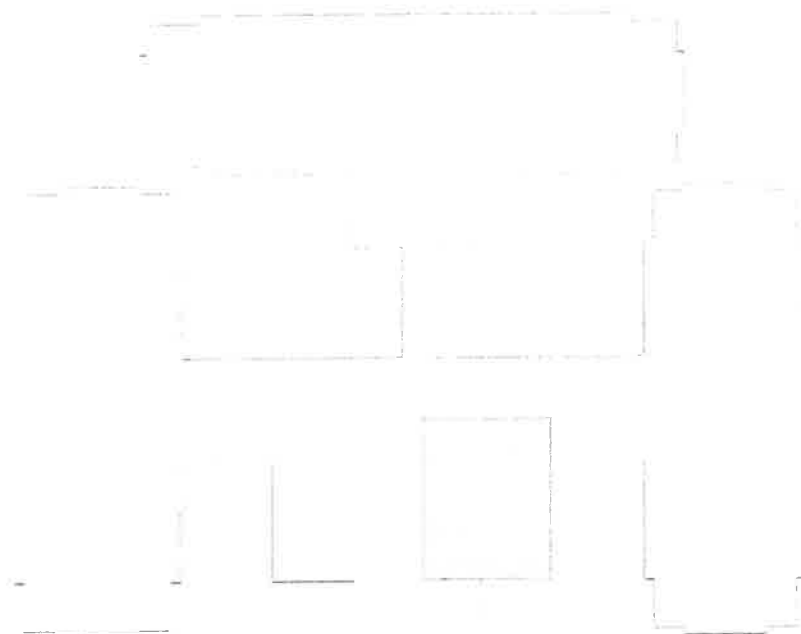






TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION
MURFREESBORO, TENNESSEE

CONCEPTUAL FIRST FLOOR PLAN - 90 500 SF



16013
DAVIS
STONER
ARCHITECTS
05.27.16

TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION
MURFREESBORO, TENNESSEE



CONCEPTUAL SECOND FLOOR PLAN - 29,000 SF

14 BED ADOLESCENT UNIT

COURTYARD

SERVICE
ENTRANCE

MAIN
ENTRANCE

16013

DAVIS
STOKES

ARCHITECTS

05.27.16

TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION

MURFREESBORO, TENNESSEE

FIRST FLOOR PLAN PAT 'A'



OUTPATIENT
ENTRANCE

MAIN
ENTRANCE

DAVIS
STOKES
DANCING

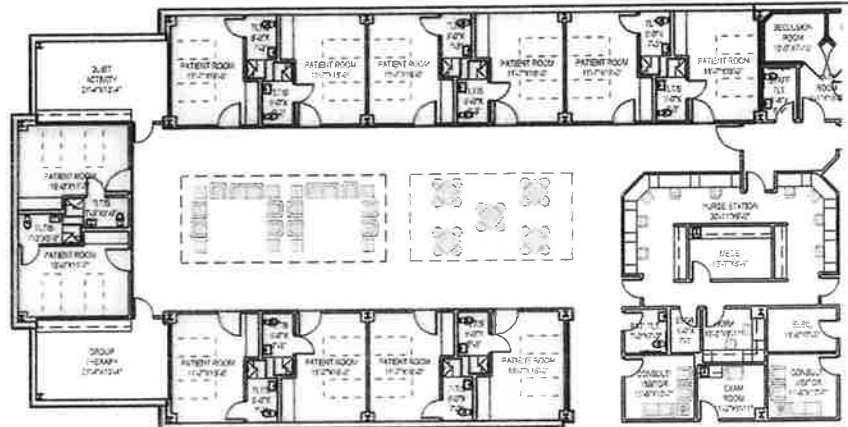
A R C H I T E C T S

MURFREESBORO, TENNESSEE

05 27 16

FIRST FLOOR PLAN PAT 'B'

24 BED GERIATRIC UNIT



14 BED CHILD UNIT



COURTYARD

16013

DAVIS
STOKES

ARCHITECTS

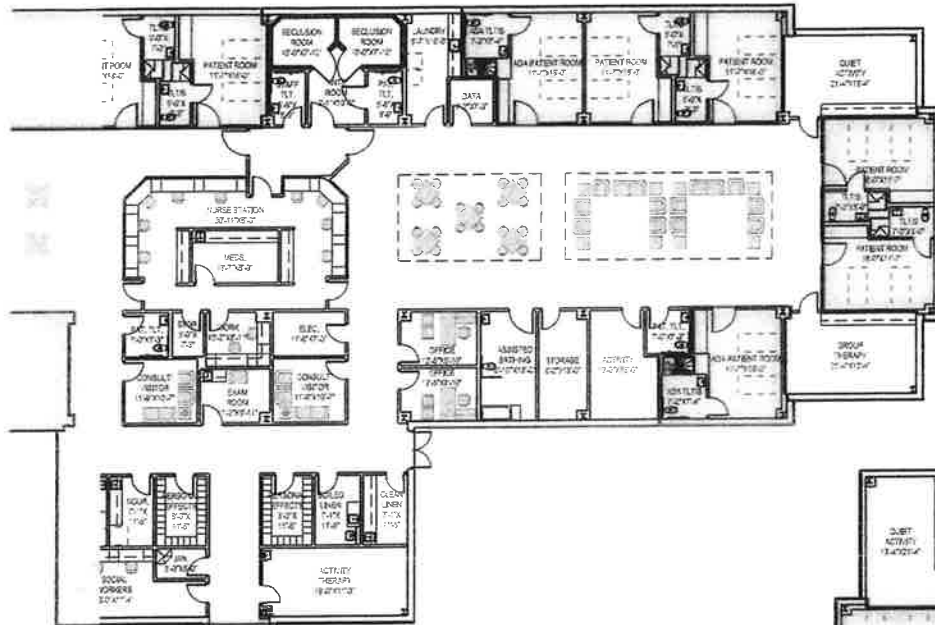
05.27.16

TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION

MURFREESBORO, TENNESSEE

FIRST FLOOR PLAN PAT 'C'

12 BED GERIATRIC UNIT



16 BED
CHILD/ADOLESCENT
RTC UNIT



COURTYARD

16013

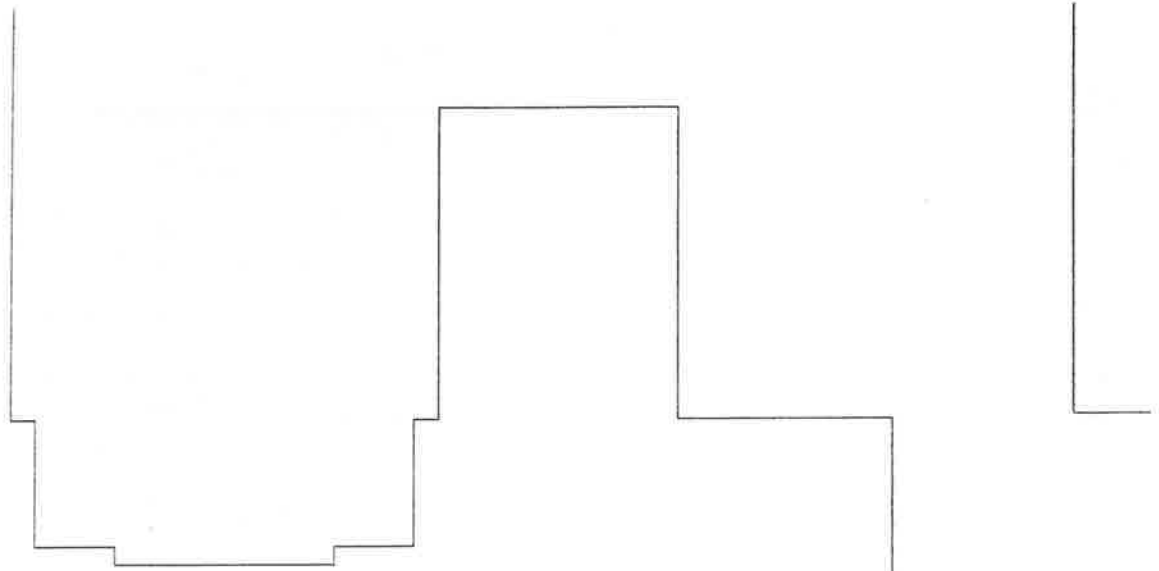
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TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION

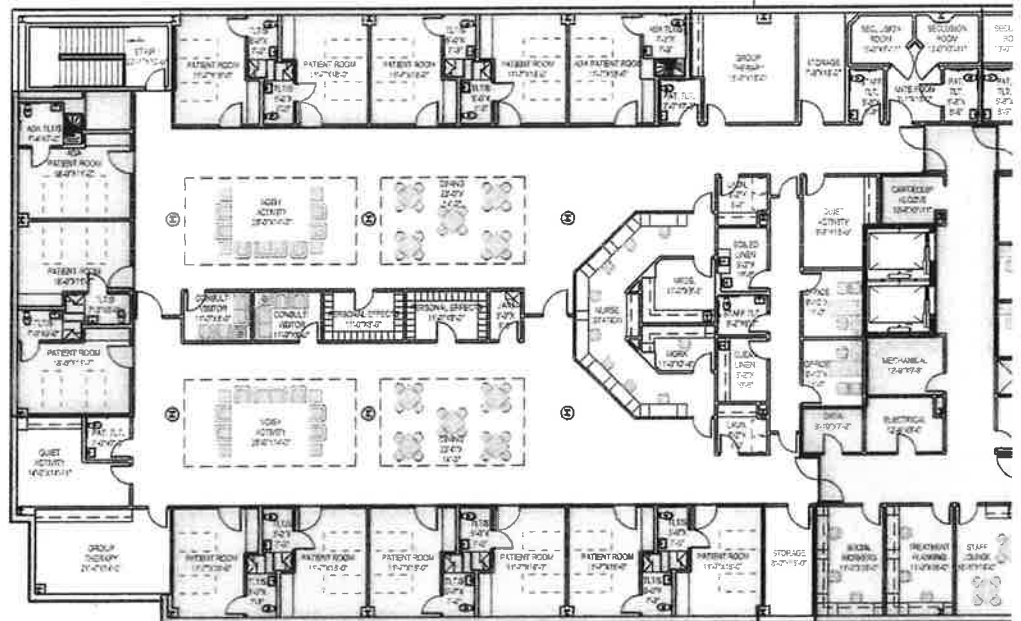
MURFREESBORO, TENNESSEE

FIRST FLOOR PLAN PAT 'D'

05.27.16



28 BED ADULT UNIT



16013

DAVIS
STONES
ARCHITECTS

A R C H I T E C T S

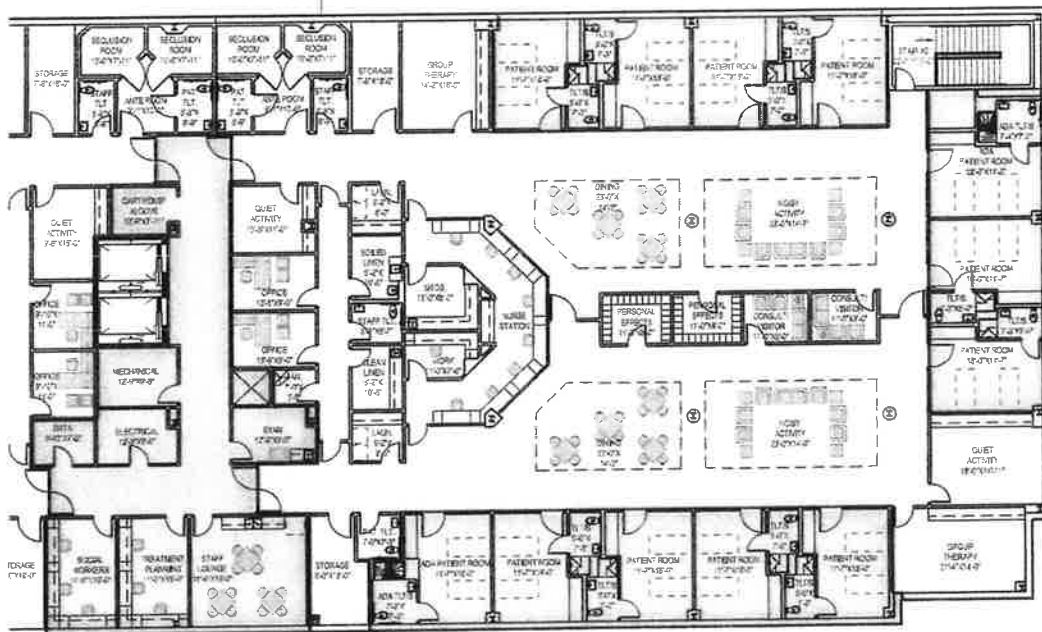
05.27.16

TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION

MURFREESBORO, TENNESSEE

SECOND FLOOR PLAN PAT 'A'

24 BED ADULT CO-OCCURRING UNIT



16013

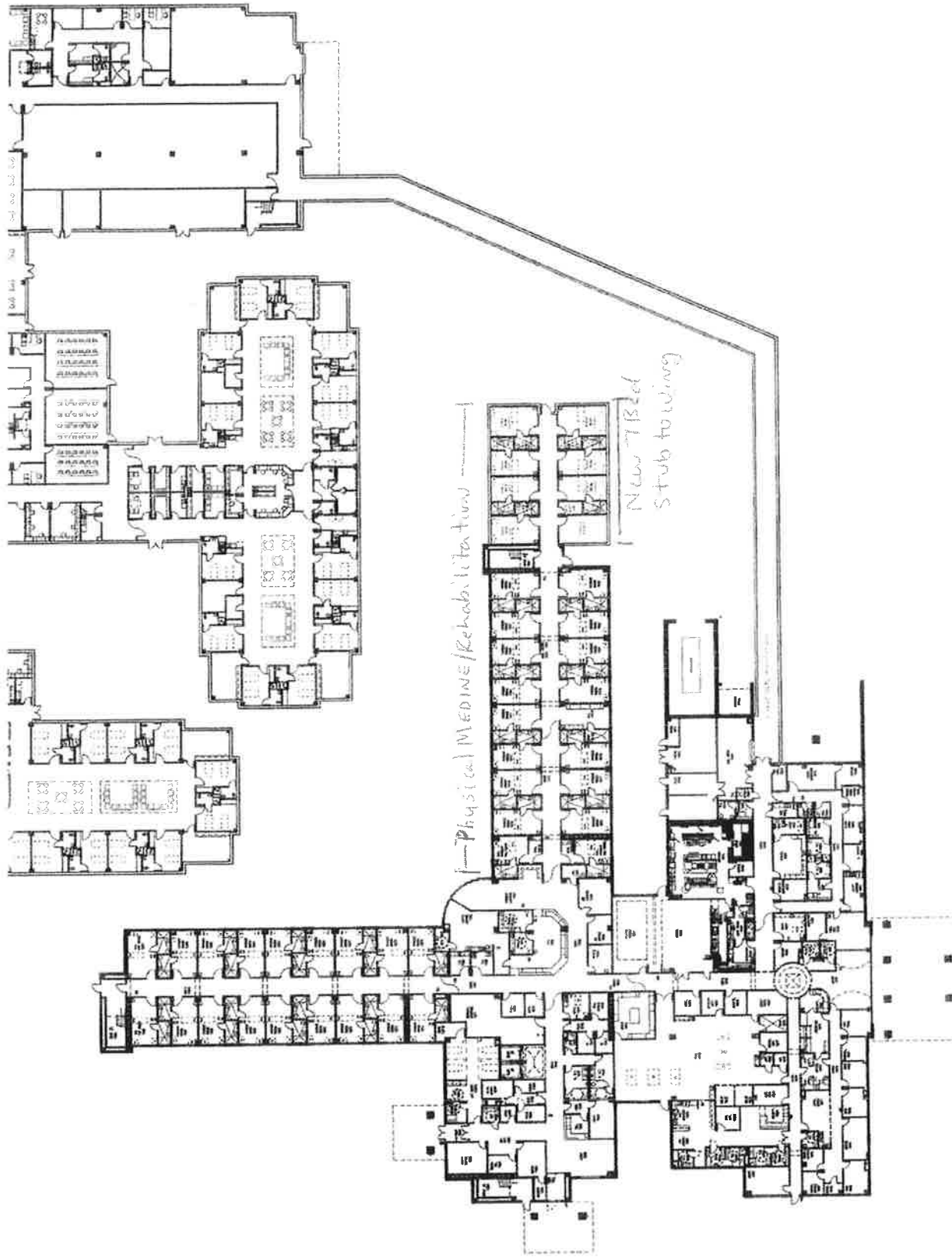
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ARCHITECTS

05.27.16

TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION
MURFREESBORO, TENNESSEE

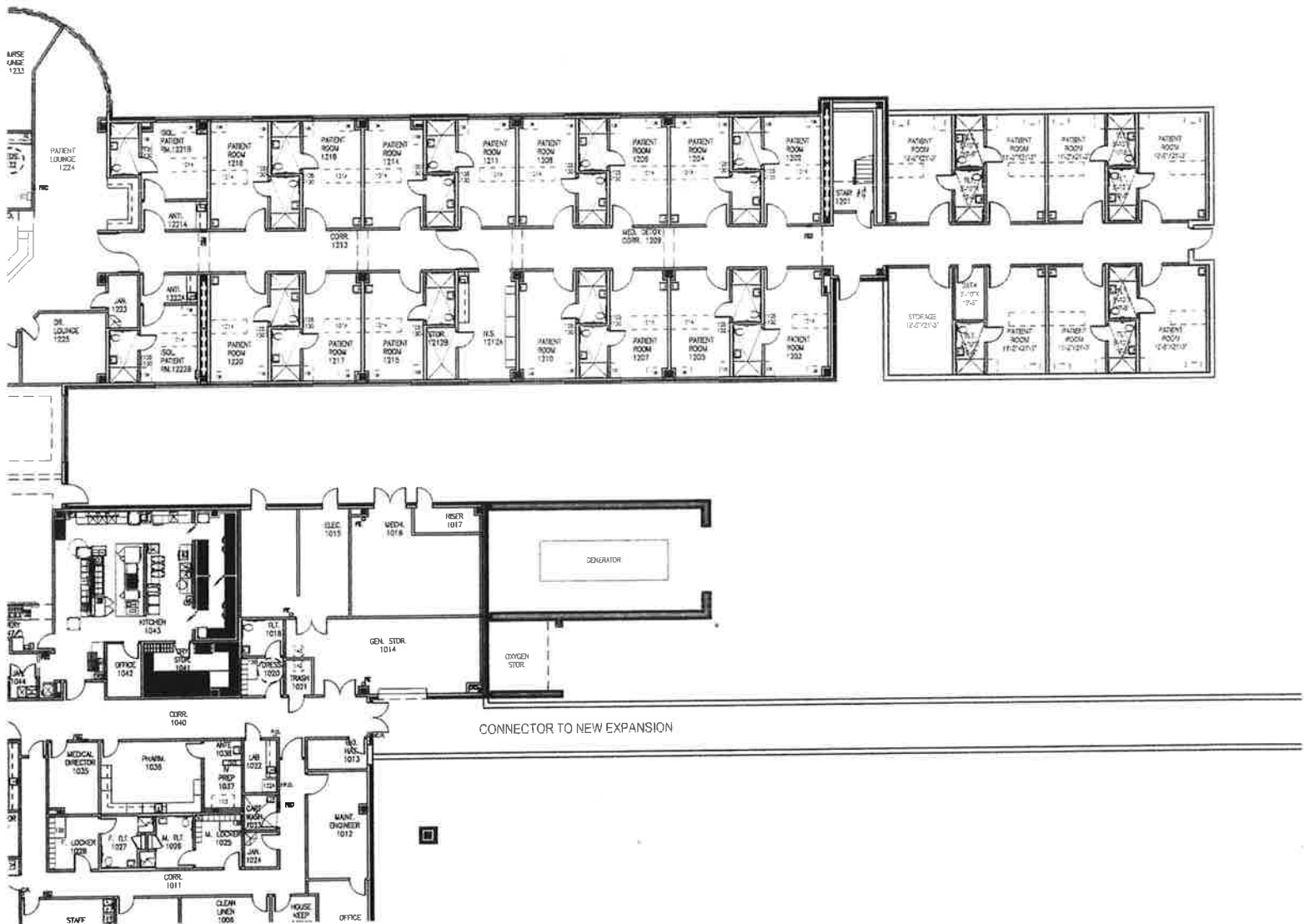
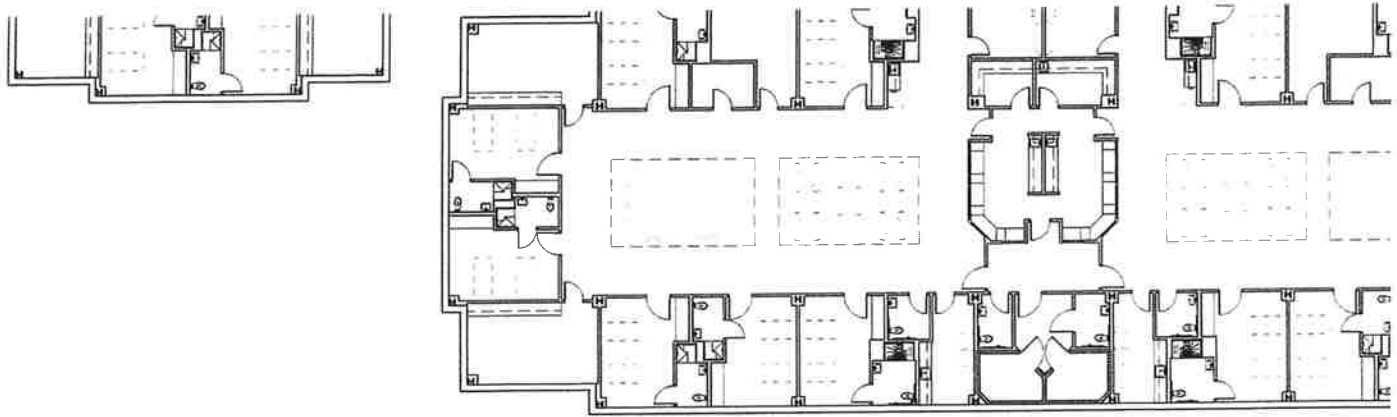
SECOND FLOOR PLAN PAT 'B'



TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION

EXISTING HOSPITAL ADDITION

MURFREESBORO, TENNESSEE



16013

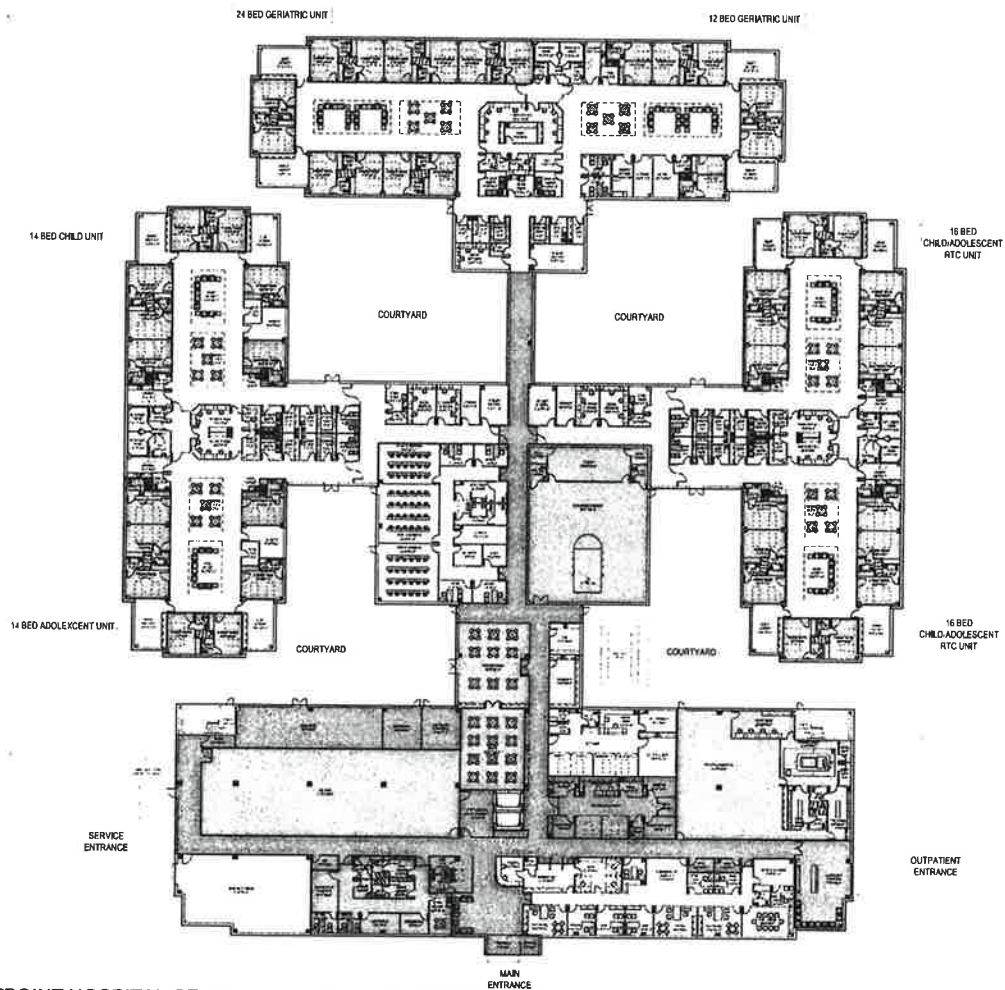
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TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION

MURFREESBORO, TENNESSEE

EXISTING HOSPITAL ADDITION

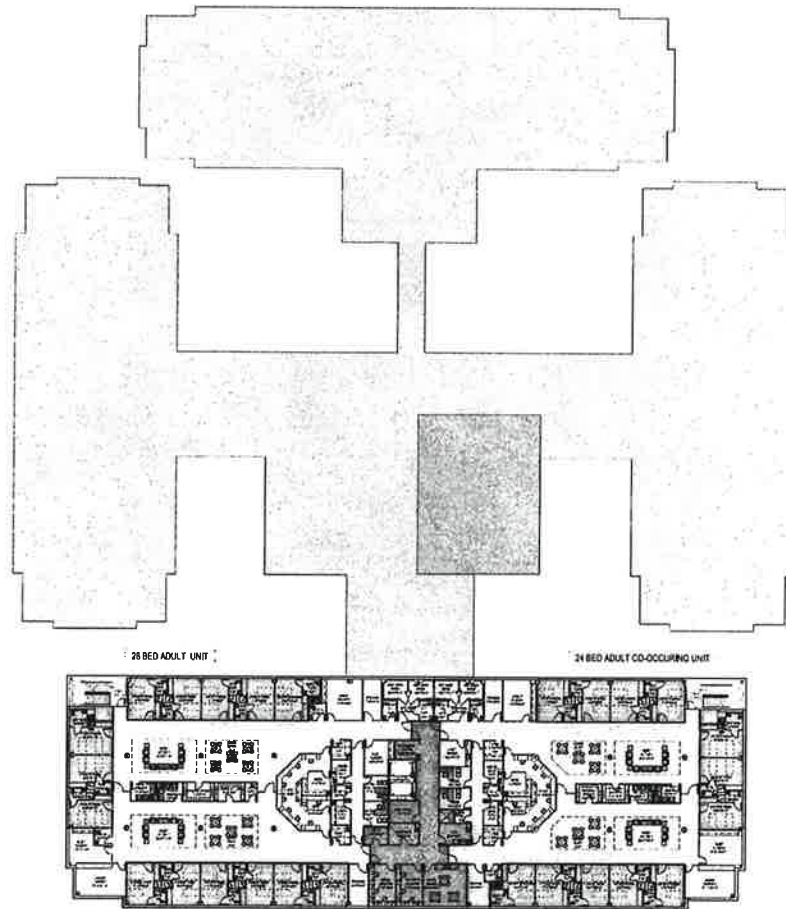
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SUPPLEMENTAL #1

June 27, 2016

9:26 am



16013
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ARCHITECT
05.27.16

TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION
MURFREESBORO, TENNESSEE

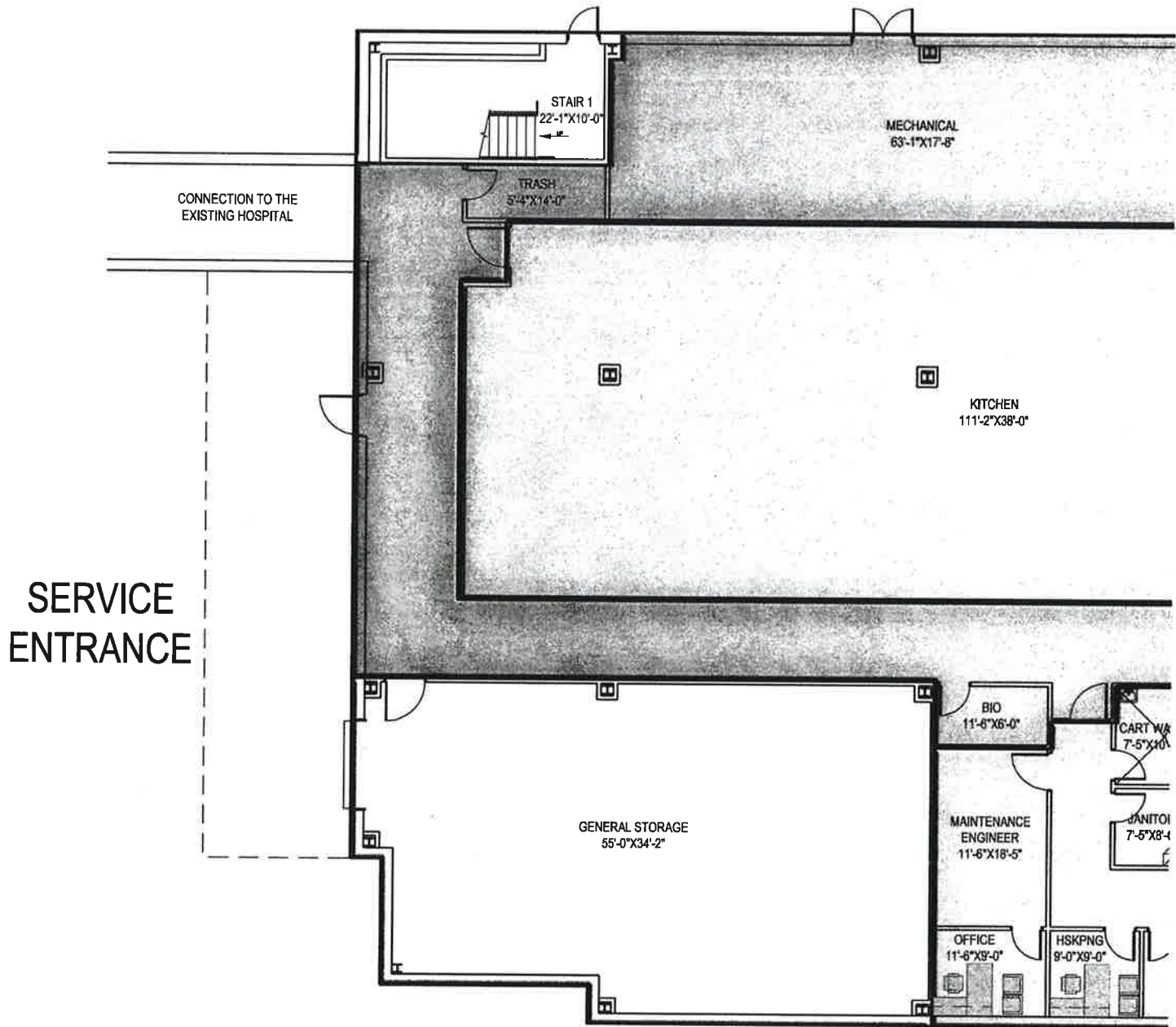


CONCEPTUAL SECOND FLOOR PLAN - 29,000 SF

SUPPLEMENTAL #1

June 27, 2016

9:26 am



16013

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STOKES
ARCHITECTS
05.27.16

TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION

MURFREESBORO, TENNESSEE

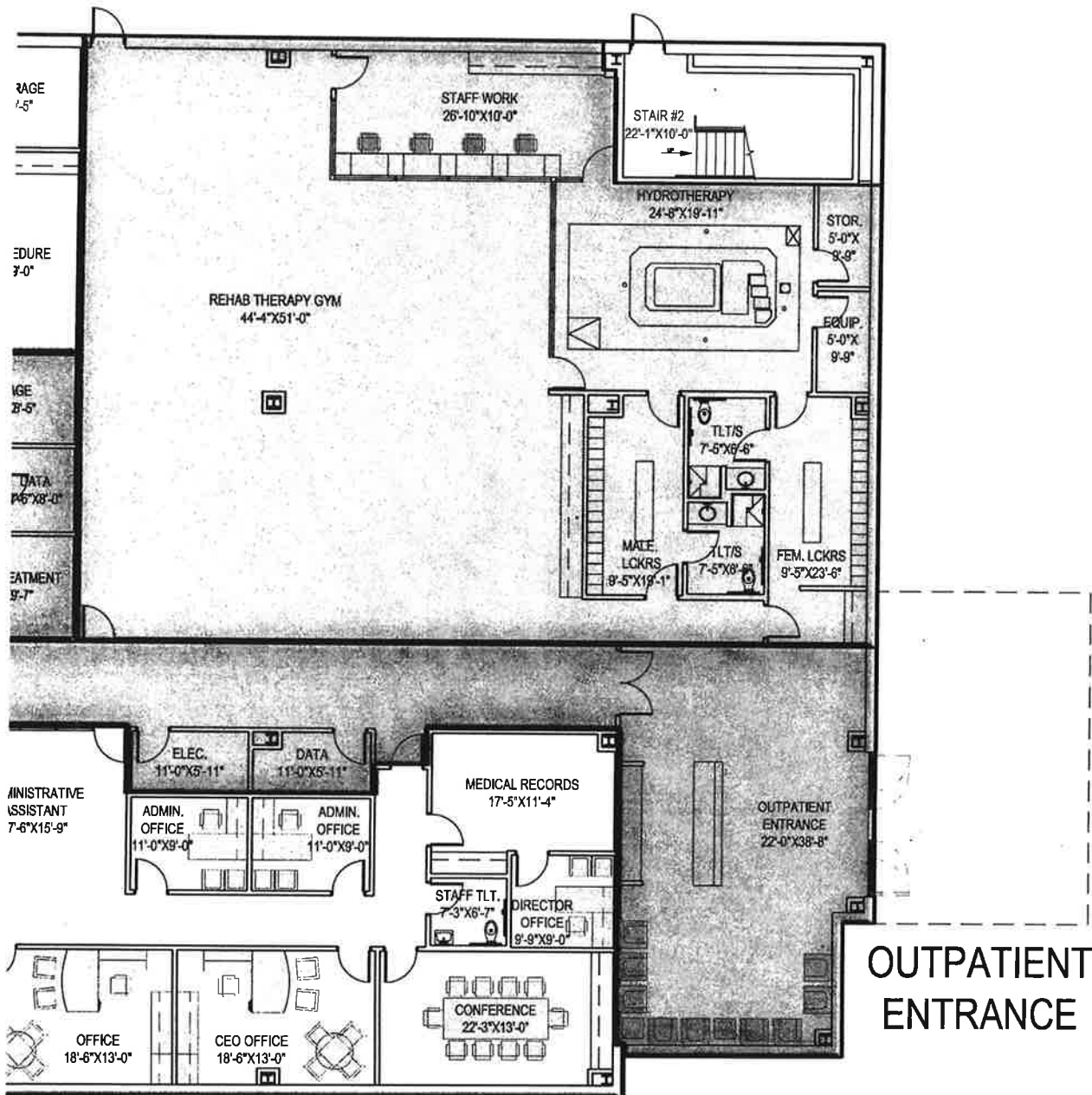
FIRST FLOOR PLAN PAT 'A'

9:26 am



June 27, 2016

9:26 am



**OUTPATIENT
ENTRANCE**

SUPPLEMENTAL #1

June 27, 2016

9:26 am

14 BED CHILD UNIT

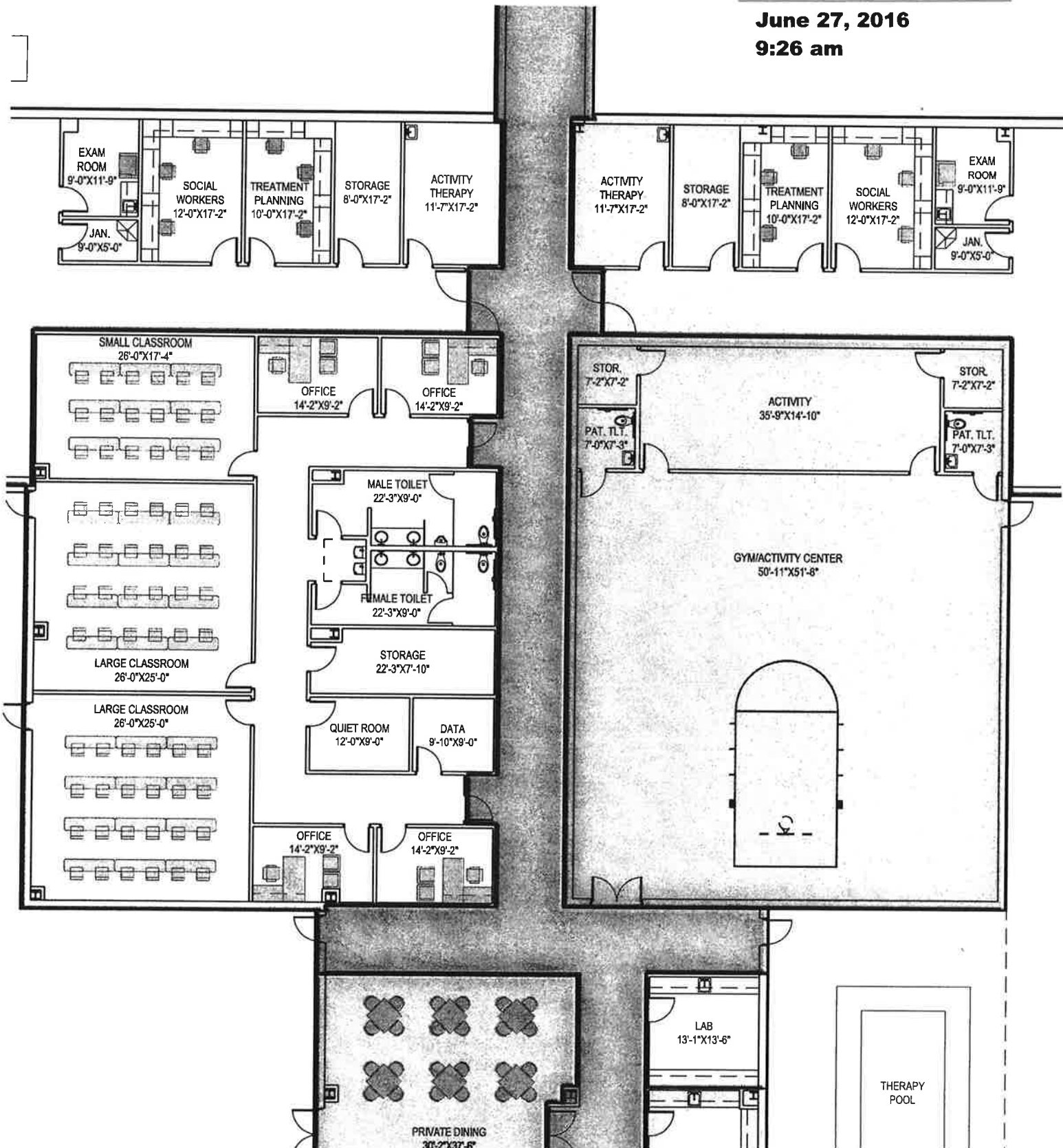


16013

SUPPLEMENTAL #1

June 27, 2016

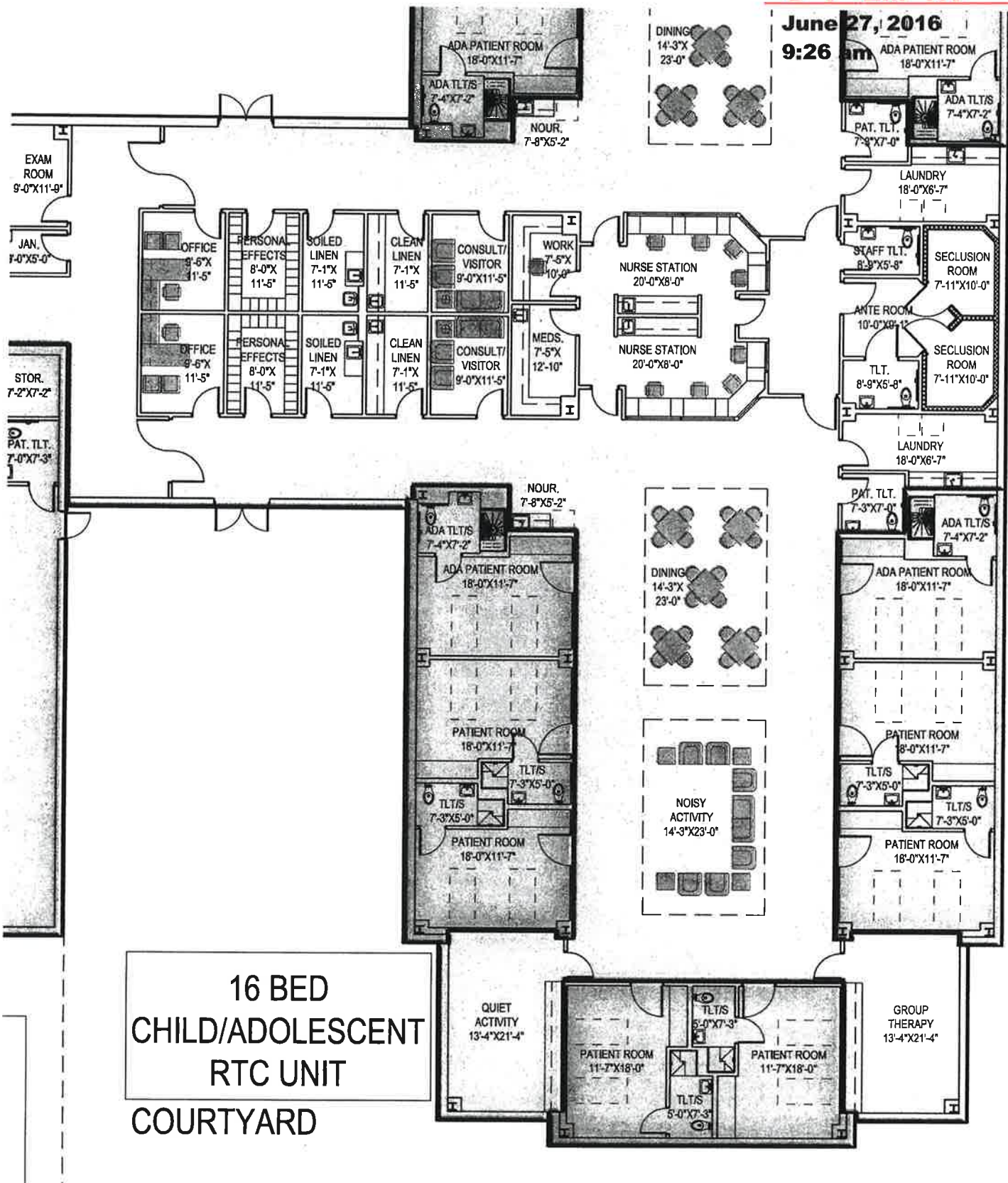
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16013

June 27, 2016

9:26 am



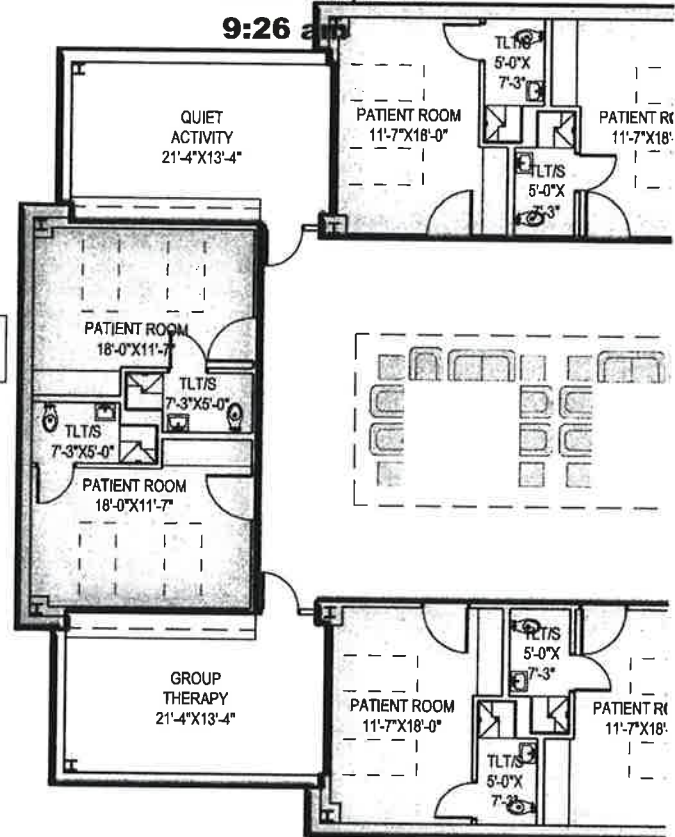
**16 BED
CHILD/ADOLESCENT
RTC UNIT
COURTYARD**

SUPPLEMENTAL #1

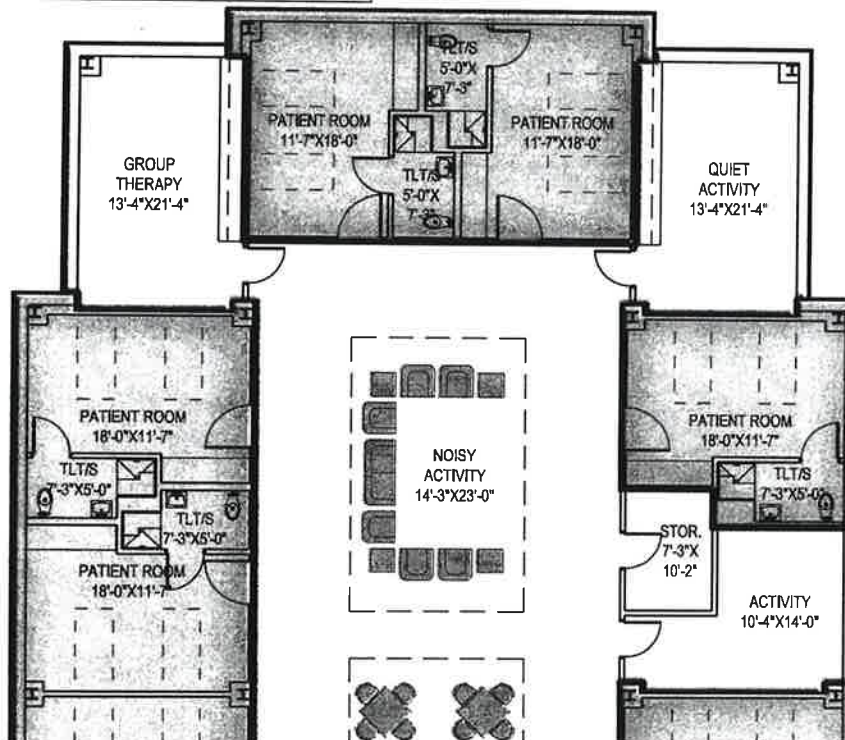
June 27, 2016

9:26 am

24 BED GERIATRIC UNIT

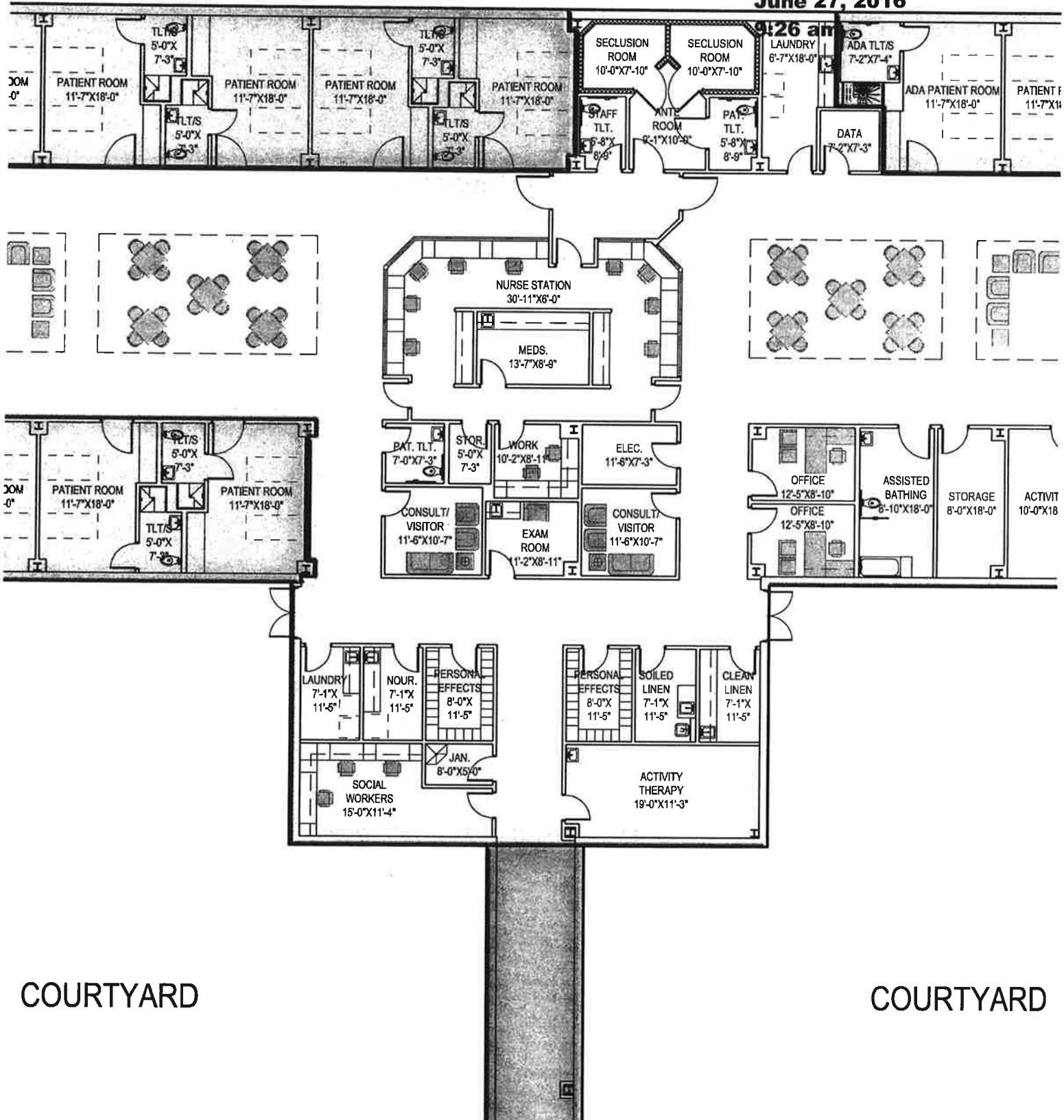


14 BED CHILD UNIT



16013

June 27, 2016

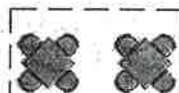
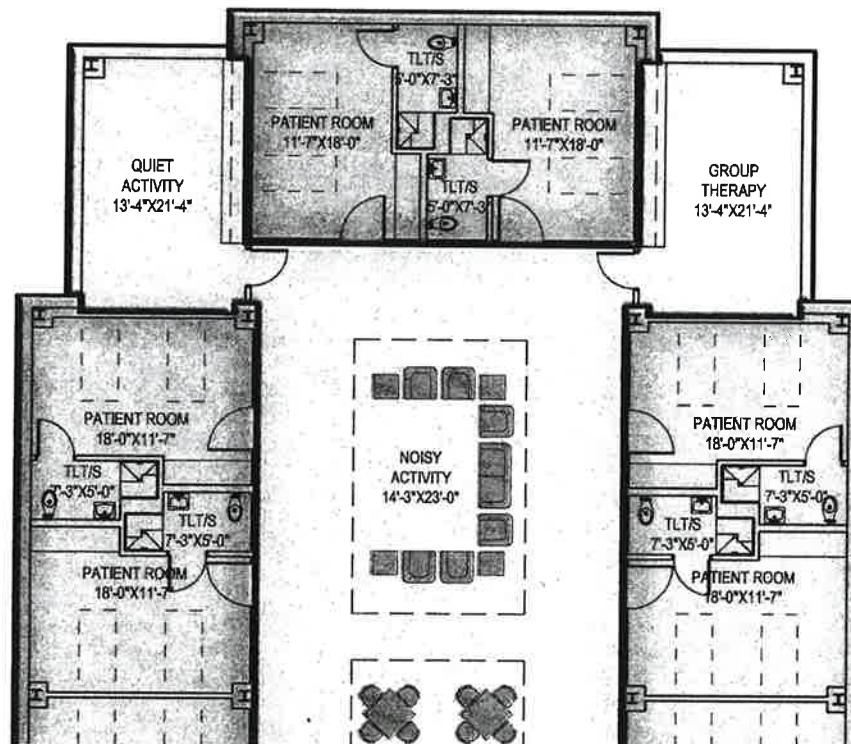
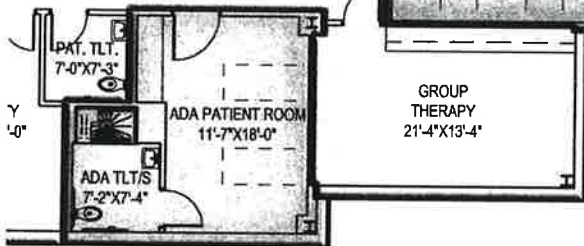
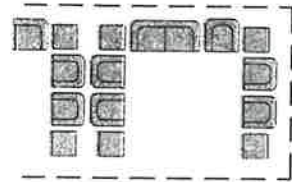
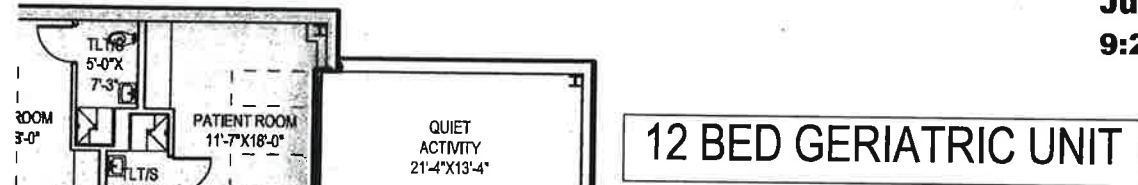


COURTYARD

COURTYARD

June 27, 2016

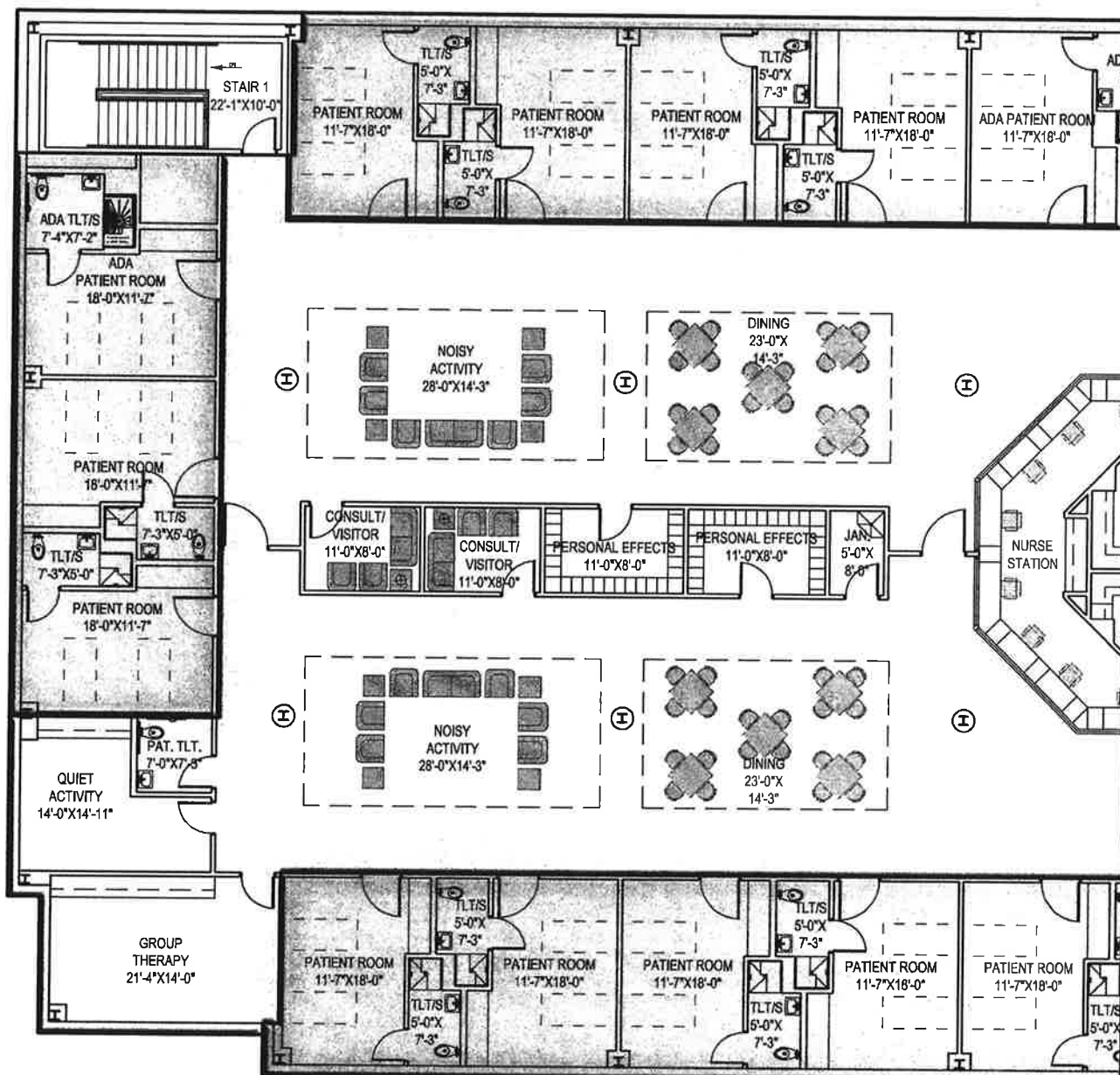
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June 27, 2016

9:26 am

28 BED ADULT UNIT



16013

DAVIS STOKES
ARCHITECTS

05.27.16

TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION

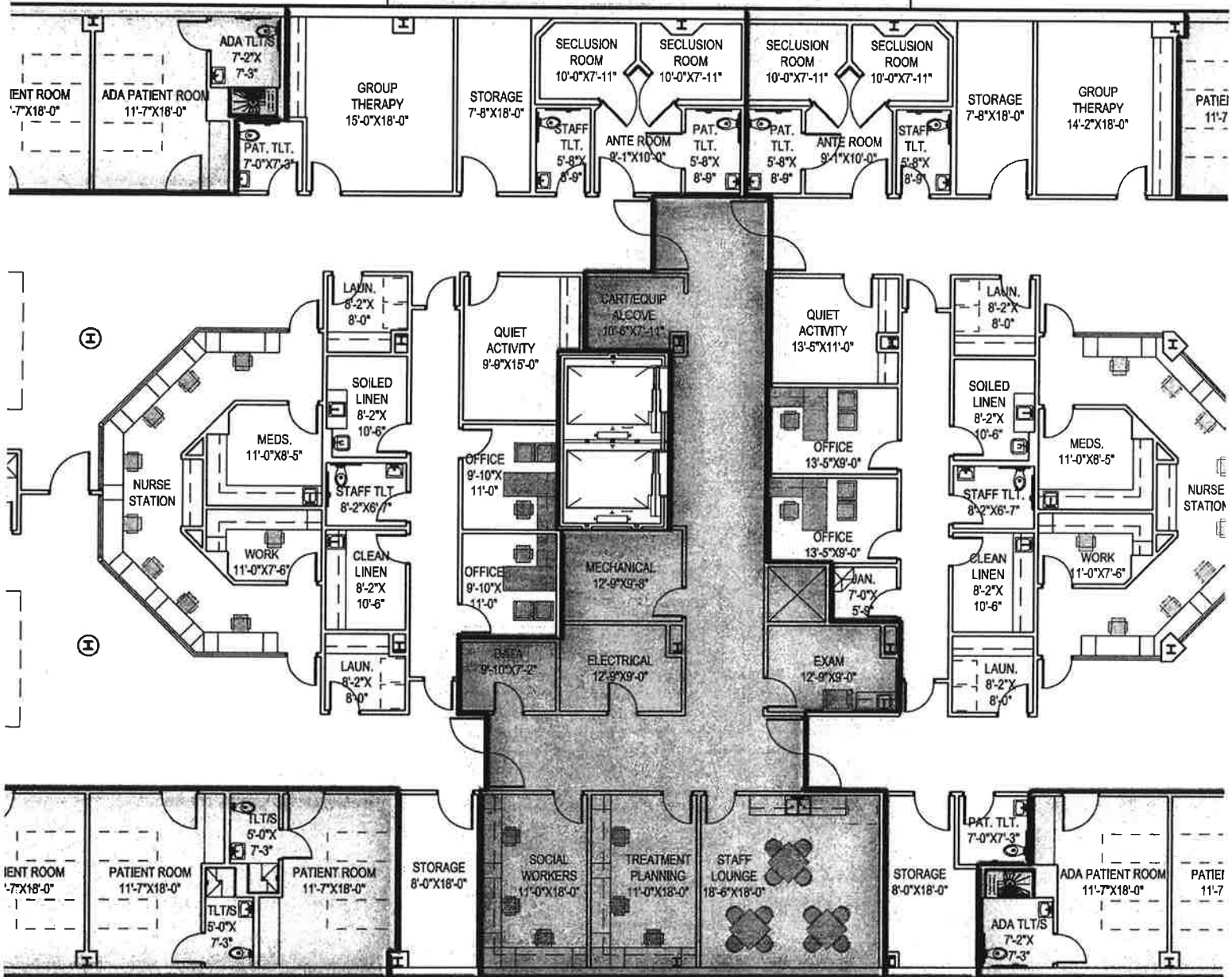
MURFREESBORO, TENNESSEE

SECOND FLOOR PLAN PAT 'A'

SUPPLEMENTAL #1

June 27, 2016

9:26 am



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ILLINOIS, IL

A-R-C-E-I-T-C-T-S

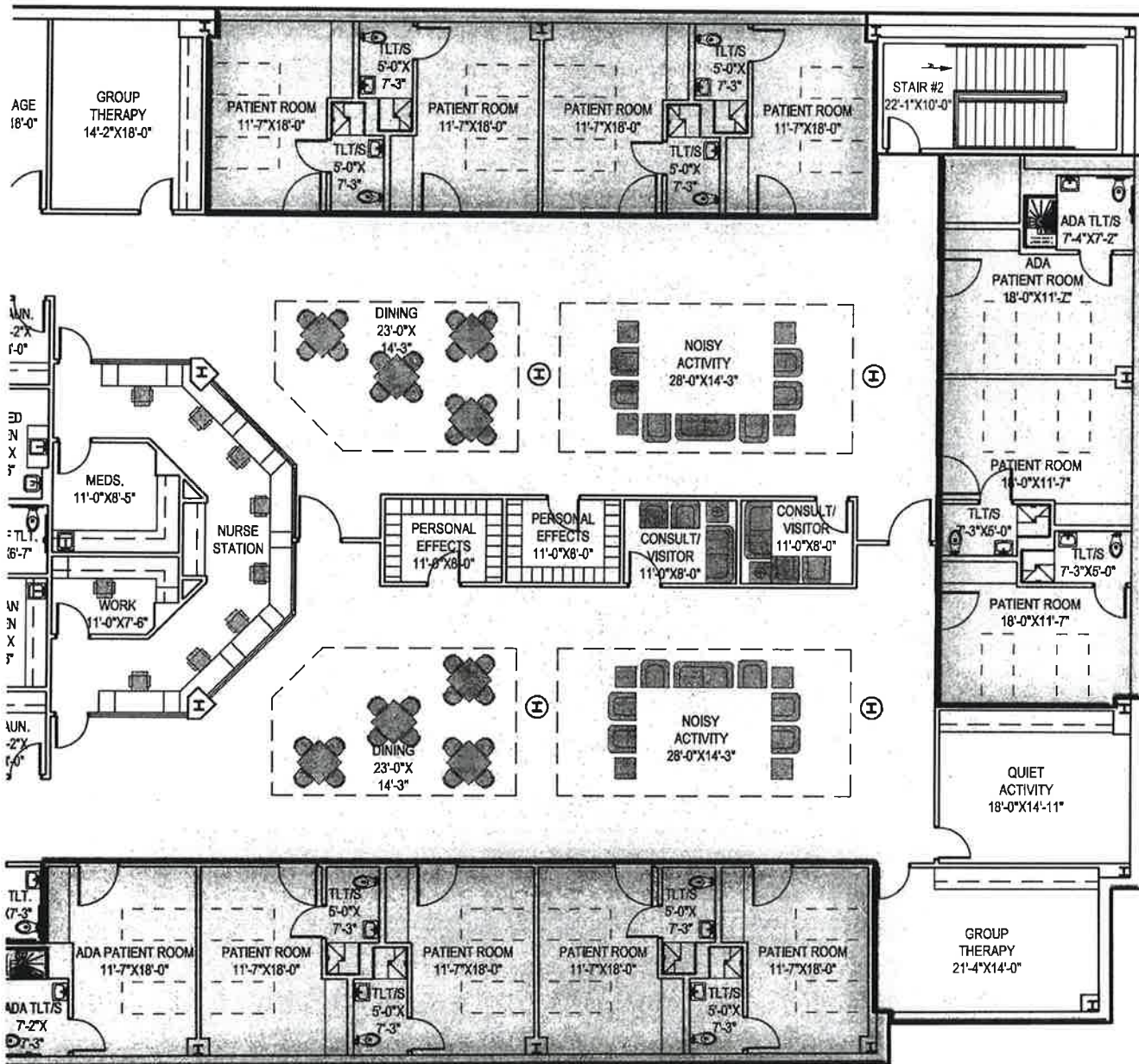
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TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION

MURFREESBORO, TENNESSEE

SECOND FLOOR PLAN PAT 'B'

24 BED ADULT CO-OCCURRING UNIT



16013

DAVIS STOKES

A - R - C - P - L - T - E - C - T - S

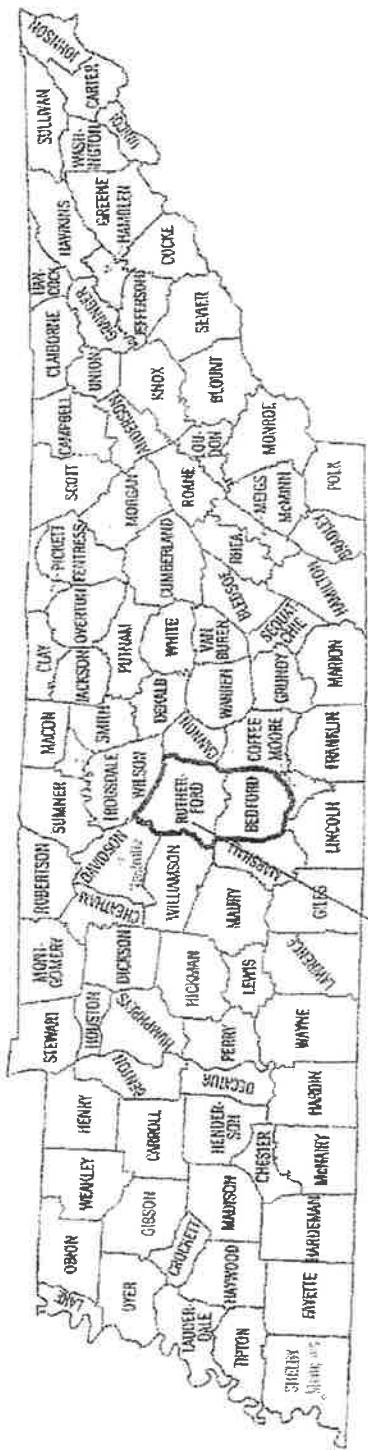
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TRUSTPOINT HOSPITAL OF MURFREESBORO EXPANSION

MURFREESBORO, TENNESSEE

SECOND FLOOR PLAN PAT 'C'

Service Area
Bedford and Rutherford Counties



SeniorHealth of Rutherford

10:14 am

Bank of America
Merrill Lynch



Global Commercial Banking
Bank of America, N.A.

June 28, 2016

Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

RE: Trustpoint Hospital, LLC

To whom it may concern:

This is to confirm that Acadia Healthcare Company, Inc., parent company of Trustpoint Hospital, LLC, has a \$300 million Revolving Credit Facility with a February 13, 2019 maturity that is available for general corporate purposes including general corporate purposes of Trustpoint Hospital, LLC. Bank of America, N.A. serves as the Administrative Agent on the credit facility that is syndicated to several banks. As of June 28, 2016, the Revolving Credit Facility had in excess of \$57.3 million available to be drawn, and the interest rate is currently LIBOR plus 3.25% resulting in an approximate interest rate of 3.7%. The availability of funds under the Credit Facility is subject to certain terms, conditions and covenants set forth in the credit agreement.

This letter is being delivered to you at the request of the company. Please note that the information set forth in this letter is subject to change without notice, and is provided in strict confidence to you for your own use only, without any responsibility, guarantee, commitment or liability on the part of Bank of America, N.A., its affiliates or any of its or its affiliates' directors, officers or employees. Bank of America, N.A. cannot provide any credit ratings or opinions of the creditworthiness of the Company and the above information does not constitute an opinion of Bank of America, N.A. of the Company's ability to successfully perform its obligations under any agreement it may enter into with you, Bank of America, N.A. or any other entity. Finally, Bank of America, N.A. undertakes no responsibility to update the information set forth in this letter.

Sincerely,

Mark Hardison
Senior Vice President, Healthcare
Global Commercial Banking
Bank of America, NA
(615) 749-3026
e.mark.hardison@baml.com



Service Line charges, adjustments, and net revenue.

Service Line	Average of Charges PPD	Adjustments	Net Revenue
Adult Psychiatry	1,475	785	690
Child & Adolescent Psychiatry	1,500	835	665
Geriatric Psychiatry	1,578	763	815
Med Psych	1,853	1,128	725
Physical Rehabilitation	3,348	2,108	1,240

Trustpoint Hospital, LLC

Balance Sheet

ASSETS	December 31, 2015
Current Assets:	
Cash	\$ 525,389
Restricted Cash	-
Accounts receivable, net	3,940,141
Due from Medicare	14,708
Pre-paid expenses and other	194,559
Total Current Assets	<u>4,674,797</u>
Fixed Assets:	
Equipment and furnishings	1,154,351
Less: accumulated depreciation	<u>(279,212)</u>
Equipment and furnishings, net	875,140
Building	20,163,828
Less: accumulated depreciation	<u>(4,368,770)</u>
Building, net	15,795,059
Intangible Assets	50,186
TOTAL ASSETS	<u>21,395,181</u>
LIABILITIES AND OWNERS' EQUITY	
Current Liabilities:	
Accounts payable	1,826,725
Accrued compensation	372,618
Accrued taxes	227,347
Intercompany payable, net	(9,304)
AR-based Line of Credit	140,549
Total Current Liabilities	<u>2,557,934</u>
Total Long-term Liabilities	19,533,092
Owners' Equity:	
Contributions, net	1,918,252
Accumulated retained loss	<u>(2,614,097)</u>

Total Owners' Equity

(695,845)

TOTAL LIABILITIES AND EQUITY

21,395,181

Trustpoint Hospital, LLC

Income Statement

2015

REVENUES:

Net In-patient revenues	22,066,652
Net Out-Patient Revenue	773,807
Net Physician Revenue	986,434
Other revenues	509,359

TOTAL REVENUES	24,336,252
-----------------------	-------------------

EXPENSES:

Salaries and wages	11,070,083
Benefits	1,187,358
Payroll Taxes	873,598
Contract Labor	56,024
Personnel subtotal	13,187,063
Contract Services	2,601,725
Supplies	1,571,223
Facilities	1,348,642
Insurance	209,695
Taxes	347,423
Other Operating Expenses	746,359
Interest	1,503,180
Depreciation	1,490,877

TOTAL EXPENSES	23,006,187
-----------------------	-------------------

NET INCOME	1,330,064
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Adult Psychiatry:**ADULT PSYCHIATRY STAFFING AND WAGE MATRIX**

ADULT PSYCHIATRY: 4 UNITS							Salary/Wage	Current FTEs	Proposed FTEs
	CENSUS	1-10	11-15	16-20	21-25	26-31			
	DIRECTOR	1	1	1	1	1	\$96,000/YR	1	2
	NRS MGR	1	1	1	1	1	\$70,000/YR	1	2
DAYS/EVENINGS	RN/LPN	1	2	2	3	3	Avg \$25-32/hr	10.5	25.3
	PCT	1	1	2	2	3	Avg \$14-16/hr	10.5	25.3
	CLERICAL	1	1	1	1	1	Avg \$14-16/hr	1	3
NIGHTS	RN/LPN	1	1	1	2	2	Avg \$25-32/hr	8.4	16.8
	PCT	1	1	1	1	1	Avg \$14-16/hr	4.2	8.4
HOUSE SUPERVISOR (RN)							\$75,000/YR	0	2.1

At least one RN must be scheduled each shift.

NRS MGR = Nurse Manager

PCT = Patient Care Technician (e.g., CNA or equivalent)

Geriatric Psychiatry:

GERIATRIC PSYCHIATRY STAFFING AND WAGE MATRIX

GERIATRIC PSYCHIATRY							Salary/Wage	Current FTEs	Proposed FTEs
	CENSUS	1-10	11-15	16-20	21-28	29-36			
	DIRECTOR	1	1	1	1	1	\$96,000/YR	1	1
	NRS MGR	1	1	1	1	1	\$70,000/YR	1	1
DAYS/EVENINGS	RN/LPN	1	2	3	4	5	Avg \$25-32/hr	8.4	10.5
	PCT	2	2	2	3	4	Avg \$14-16/hr	5.6	8.4
	CLERICAL	1	1	1	1	1	Avg \$14-16/hr	1	1
NIGHTS	RN/LPN	1	2	2	3	4	Avg \$25-32/hr	6.3	8.4
	PCT	1	1	2	2	3	Avg \$14-16/hr	4.2	6.3

At least one RN must be scheduled each shift.

NRS MGR = Nurse Manager

PCT = Patient Care Technician (e.g., CNA or equivalent)

Physical Medicine/Rehabilitation:

PHYSICAL MEDICINE AND REHABILITATION STAFFING AND WAGE MATRIX

PHYSICAL MEDICINE/REHABILITATION					Salary/Wage	Current FTEs	Proposed FTEs
	CENSUS	1-7	8-14	15-22			
	DIRECTOR	1	1	1	\$96,000/YR	1	1
	NRS MGR	1	1	1	\$70,000/YR	1	1
DAYS/EVENINGS	RN/LPN	2	2	3	Avg \$25-32/hr	8.4	8.4
	PCT	0	2	3	Avg \$14-16/hr	6.3	6.3
	CLERICAL	1	1	1	Avg \$14-16/hr	1	1
	PT	1.5	2.5	4	Avg \$32/hr	10.5	10.5
	OT	1.5	2.5	4	Avg \$39/hr	7	7
	SPEECH	1	1	2	Avg \$37/hr	2.8	2.8
NIGHTS	RN/LPN	2	2	3	Avg \$25-32/hr	8.4	8.4
	PCT	0	2	3	Avg \$14-16/hr	6.3	6.3

At least one RN must be scheduled each shift.

NRS MGR = Nurse Manager

PCT = Patient Care Technician (e.g., CNA or equiv.)

PT = Physical Therapist

OT = Occupational Therapist

Pediatric Psychiatry:

PEDIATRIC PSYCHIATRY STAFFING AND WAGE MATRIX

PEDIATRIC PSYCHIATRY						Salary/Wage	Current FTEs	Proposed FTEs
	CENSUS	1-8	9-16	17-24	25-28			
	DIRECTOR	1	1	1	1	\$90,000/YR	0	1
	NRS MGR	1	1	1	1	\$83,000/YR	0	1
DAYS	RN/LPN	1	2	3	3	Avg \$25-32/hr	0	6.3
	PCT	1	1	2	4	Avg \$14-16/hr	0	8.4
	CLERICAL	1	1	1	1	Avg \$14-16/hr	0	1
NIGHTS	RN/LPN	1	2	3	3	Avg \$25-32/hr	0	6.3
	PCT	1	1	1	3	Avg \$14-16/hr	0	6.3

At least one RN must be scheduled each shift.

NRS MGR = Nurse Manager

PCT = Patient Care Technician (e.g., CNA or equivalent)

Medical Psychiatry/Detox:

MEDICAL PSYCHIATRY/DETOX

MEDICAL PSYCHIATRY/DETOX						Salary/Wage	Current FTEs	Proposed FTEs
	CENSUS	1-4	5-9	10-15	16-18			
	DIRECTOR	1	1	1	1	\$100,000/YR	1	1
	NRS MGR	1	1	1	1	\$83,000/YR	1	1
DAYS	RN/LPN	1	2	3	3	Avg \$25-32/hr	4.2	6.3
	PCT	1	1	1	3	Avg \$14-16/hr	2.1	6.3
NIGHTS	RN/LPN	1	2	3	3	Avg \$25-32/hr	4.2	6.3
	PCT	1	1	1	3	Avg \$14-16/hr	2.1	6.3

At least one RN must be scheduled each shift.

NRS MGR = Nurse Manager

PCT = Patient Care Technician (e.g., CNA or equivalent)

PEDIATRIC RESIDENTIAL TREATMENT STAFFING AND WAGE MATRIX

PEDIATRIC RESIDENTIAL TREATMENT						Salary/Wage	Current FTEs	Proposed FTEs
	CENSUS	1-8	9-16	17-24	25-32			
	DIRECTOR	1	1	1	1	\$90,000/YR	0	1
	NRS MGR	1	1	1	1	\$83,000/YR	0	1
DAYS	RN/LPN	1	2	3	3	Avg \$25-32/hr	0	6.3
	PCT	1	1	2	4	Avg \$14-16/hr	0	8.4
	CLERICAL	1	1	1	1	Avg \$14-16/hr	0	1
NIGHTS	RN/LPN	1	2	3	3	Avg \$25-32/hr	0	6.3
	PCT	1	1	1	3	Avg \$14-16/hr	0	6.3

At least one RN must be scheduled each shift.

NRS MGR = Nurse Manager

PCT = Patient Care Technician (e.g., CNA or equivalent)

SeniorHealth of Rutherford, LLC

Murfreesboro, TN

has been Accredited by



The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

Hospital Accreditation Program

September 18, 2012

Accreditation is customarily valid for up to 36 months.


Robert V. Hoveman, MD, MACP
Chair, Board of Commissioners

Organization ID #528362
Print/Reprint Date: 10/1/12


Mark R. Chassin, MD, FACP, MPE, MPH
President

The Joint Commission is an independent, not for profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.

The Joint Commission



SeniorHealth of Rutherford, LLC
1009 N. Thompson Ln.
Murfreesboro, TN 37129

Organization Identification Number: 528362

Program(s)

Hospital Accreditation

Survey Date(s)

09/13/2012-09/14/2012

Executive Summary

As a result of the survey conducted on the above date(s), the following survey findings have been identified. Your official report will be posted to your organization's confidential extranet site. It will contain specific follow-up instructions regarding your survey findings.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

**The Joint Commission
Summary of Findings**

DIRECT Impact Standards:

Program:	Hospital Accreditation Program	
Standards:	EC.02.04.03	EP2

INDIRECT Impact Standards:

Program:	Hospital Accreditation Program	
Standards:	LS.02.01.10	EP9
	LS.02.01.35	EP4
	MS.06.01.01	EP1
	PC.01.02.01	EP3
	RC.01.01.01	EP19

The Joint Commission Summary of CMS Findings

CoP: §482.24 **Tag:** A-0431 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.24 Condition of Participation: Medical Record Services

The hospital must have a medical record service that has administrative responsibility for medical records. A medical record must be maintained for every individual evaluated or treated in the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.24(c)(1)	A-0450	HAP - RC.01.01.01/EP19	Standard

CoP: §482.28 **Tag:** A-0618 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.28 Condition of Participation: Food and Dietetic Services

The hospital must have organized dietary services that are directed and staffed by adequate qualified personnel. However, a hospital that has a contract with an outside food management company may be found to meet this Condition of Participation if the company has a dietician who serves the hospital on a full-time, part-time, or consultant basis, and if the company maintains at least the minimum standards specified in this section and provides for constant liaison with the hospital medical staff for recommendations on dietetic policies affecting patient treatment.

CoP Standard	Tag	Corresponds to	Deficiency
§482.28(b)(2)	A-0630	HAP - PC.01.02.01/EP3	Standard

CoP: §482.41 **Tag:** A-0700 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(c)(2)	A-0724	HAP - EC.02.04.03/EP2	Standard
§482.41(b)(1)(i)	A-0710	HAP - LS.02.01.10/EP9, LS.02.01.35/EP4	Standard

The Joint Commission Findings

Chapter: Environment of Care
Program: Hospital Accreditation
Standard: EC.02.04.03
Standard Text: The hospital inspects, tests, and maintains medical equipment.
Primary Priority Focus Area: Physical Environment
Element(s) of Performance:

2. The hospital inspects, tests, and maintains all life-support equipment. These activities are documented. (See also EC.02.04.01, EPs 3 and 4; PC.02.01.11, EP 2)



Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 2

§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at SeniorHealth of Rutherford LLC (1009 North Thompson Lane, Murfreesboro, TN) site for the Hospital deemed service.

During the building tour it was observed that the Medtronic Lifepak 20e located at the Rehabilitation Nursing station had no tag to verify it had been checked by Clinical Engineering prior to use.

Chapter: Life Safety
Program: Hospital Accreditation
Standard: LS.02.01.10
Standard Text: Building and fire protection features are designed and maintained to minimize the effects of fire, smoke, and heat.
Primary Priority Focus Area: Physical Environment
Element(s) of Performance:

9. The space around pipes, conduits, bus ducts, cables, wires, air ducts, or pneumatic tubes that penetrate fire-rated walls and floors are protected with an approved fire-rated material.

Note: Polyurethane expanding foam is not an accepted fire-rated material for this purpose. (For full text and any exceptions, refer to NFPA 101-2000: 8.2.3.2.4.2)



Scoring Category : C
Score : Partial Compliance

Observation(s):

The Joint Commission Findings

EP 9

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at SeniorHealth of Rutherford LLC (1009 North Thompson Lane, Murfreesboro, TN) site for the Hospital deemed service.

During the building tour it was observed that a conduit fire penetration in the sprinkler riser room next to the boiler/mechanical room was not properly sealed or protected with an approved fire-rated material as required by NFPA 101-2000.

Observed in Building Tour at SeniorHealth of Rutherford LLC (1009 North Thompson Lane, Murfreesboro, TN) site for the Hospital deemed service.

During the building tour it was observed that a piping fire penetration in the sprinkler riser room next to the boiler/mechanical room was not properly sealed or protected with an approved fire-rated material as required by NFPA 101-2000.

Chapter:	Life Safety
Program:	Hospital Accreditation
Standard:	LS.02.01.35
Standard Text:	The hospital provides and maintains systems for extinguishing fires.
Primary Priority Focus Area:	Physical Environment
Element(s) of Performance:	

4. Piping for approved automatic sprinkler systems is not used to support any other item. (For full text and any exceptions, refer to NFPA 25-1998: 2-2.2)



Scoring Category :C

Score : Partial Compliance

Observation(s):

The Joint Commission Findings

EP 4

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at SeniorHealth of Rutherford LLC (1009 North Thompson Lane, Murfreesboro, TN) site for the Hospital deemed service.

During the building tour it was observed that CAT 5 cable was being supported by the sprinkler pipe in the ceiling by the smoke doors across from the Rehabilitation unit Nursing Station, contrary to the requirements of NFPA 25-1998.

Observed in Building Tour at SeniorHealth of Rutherford LLC (1009 North Thompson Lane, Murfreesboro, TN) site for the Hospital deemed service.

During the building tour it was observed that electrical conduit was being supported by the sprinkler pipe in the ceiling by the smoke doors on the second floor "C" wing, contrary to the requirements of NFPA 25-1998.

Chapter:	Medical Staff
Program:	Hospital Accreditation
Standard:	MS.06.01.01
Standard Text:	Prior to granting a privilege, the resources necessary to support the requested privilege are determined to be currently available, or available within a specified time frame.
Primary Priority Focus Area:	Credentialed Practitioners
Element(s) of Performance:	

1. There is a process to determine whether sufficient space, equipment, staffing, and financial resources are in place or available within a specified time frame to support each requested privilege.



Scoring Category :A

Score : Insufficient Compliance

Observation(s):

EP 1

Observed in Leadership Session at SeniorHealth of Rutherford LLC (1009 North Thompson Lane, Murfreesboro, TN) site. During review of credential files, it was identified that privileges had been granted for items and procedures that the organization did not have the space, equipment, staffing, and financial resources in place or available. Example: radiologist who only do interpretation had been granted privileges for CT, MRI and other interventional procedures.

Chapter:	Provision of Care, Treatment, and Services
Program:	Hospital Accreditation
Standard:	PC.01.02.01

The Joint Commission Findings

Standard Text: The hospital assesses and reassesses its patients.

Primary Priority Focus Area: Assessment and Care/Services

Element(s) of Performance:

3. The hospital has defined criteria that identify when nutritional plans are developed.
(See also PC.01.02.03, EP 7)



Scoring Category : A

Score : Insufficient Compliance

Observation(s):

EP 3

§482.28(b)(2) - (A-0630) - (2) Nutritional needs must be met in accordance with recognized dietary practices and in accordance with orders of the practitioner or practitioners responsible for the care of the patients.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at SeniorHealth of Rutherford LLC (1009 North Thompson Lane, Murfreesboro, TN) site for the Hospital deemed service.

Observed during individual tracer activity and record review in the rehab and psych departments. During a review of the four inpatients in the rehab unit, it was noted that three of the patients' diagnoses and assessments identified special dietary needs. The patients' were noted to have co-morbidities including, but not limited to, diabetes and lactose intolerance, as well as a need for special dietary considerations. A review of each of the patients' medical records noted no involvement in coordination of the patients' nutritional needs by the registered dietician. These observations were also noted in the inpatient psych department. In further discussion with staff regarding the referral process for including the registered dietician in the patients' care, treatment, and services, it was identified that the hospital did not have defined criteria to identify/trigger when the registered dietician would be consulted and when nutritional plans would in turn be developed.

Chapter: Record of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: RC.01.01.01

Standard Text: The hospital maintains complete and accurate medical records for each individual patient.

Primary Priority Focus Area: Information Management

Element(s) of Performance:

19. For hospitals that use Joint Commission accreditation for deemed status purposes:
All entries in the medical record, including all orders, are timed.



Scoring Category : C

Score : Insufficient Compliance

Observation(s):

The Joint Commission Findings

EP 19

§482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at SeniorHealth of Rutherford LLC (1009 North Thompson Lane, Murfreesboro, TN) site for the Hospital deemed service.

During Individual patient tracer, record # 1 contained multiple authentications by the staff that had not been timed as per facility policy and procedure.

Observed in Individual Tracer at SeniorHealth of Rutherford LLC (1009 North Thompson Lane, Murfreesboro, TN) site for the Hospital deemed service.

During individual patient tracer, record # 2 contained multiple authentications by the staff that had not been timed as per facility policy and procedure.

Observed in Document Review at SeniorHealth of Rutherford LLC (1009 North Thompson Lane, Murfreesboro, TN) site for the Hospital deemed service.

During review of twenty (20) closed medical records, multiple issues were identified with dating and timing of signatures and authentication. Examples: Forms without a place for either a date and time. Forms with place for date and no time. Patient ID stickers covering date and time.

Observed in Record Review at SeniorHealth of Rutherford LLC (1009 North Thompson Lane, Murfreesboro, TN) site for the Hospital deemed service.

Observed during record review. The discharge summary was signed by the physician's assistant but was not dated and not timed.



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
7175 Strawberry Plains Pike, Ste 103
Knoxville TN 37914
Phone: 865-594-9396 Fax: 865-594-2168

January 13, 2016

Mr. Jeffery Woods, Administrator
Trustpoint Hospital
1009 North Thompson Ln
Murfreesboro TN 37129

RE: 44-0231

Dear Mr. Woods:

The East Tennessee Regional Office conducted a complaint investigation at your facility on December 14-17, 2015. As a result of the investigation, no deficient practice was found.

If our office may be of assistance to you, please feel free to call (865) 594-9396.

Sincerely,

Tamra Turberville/ljb

Tamra Turberville, RN
Interim Regional Administrator
East TN Health Care Facilities

TT: ljb

TN00037682, TN00037657, TN00035928, TN00035860, TN00035362



Order Confirmation for Ad #: 0001345261

Customer: ANDERSON & BAKER (DNJ)
Address: 2021 RICHARD JONES RD STE 12
NASHVILLE TN 37215 USA
Acct. #: NAS-60645765
Phone: 6153703380

ANDERSON & BAKER (DNJ)
Ordered By: Graham Baker

Order Start Date: 06/10/2016

Order End Date: 06/10/2016

<u>Tear Sheets</u>	<u>Affidavits</u>	<u>Blind Box</u>	<u>Promo Type</u>	<u>Materials</u>	<u>Special Pricing</u>	<u>Size</u>
0	1					2 X 71.00

<u>Net Amount</u>	<u>Tax Amount</u>	<u>Total Amount</u>	<u>Payment Amount</u>	<u>Amount Due</u>
\$358.70	\$0.00	\$358.70	\$0.00	\$358.70

Ad Order Notes:

Sales Rep: bzeitler

Order Taker: bzeitler

Order Created 06/08/2016

INVOICE TEXT: 0001345261NOTIFICATIONOFINTENTTOAPPLYFORACERTIFICATEOFNEEDTHISISTOPROVIDEOFFICIALNOTICE

<u>Product</u>	<u># Ins</u>	<u>Start Date</u>	<u>End Date</u>
NAS-DNJ.com	1	06/10/2016	06/10/2016
NAS-Daily News Journal	1	06/10/2016	06/10/2016

* ALL TRANSACTIONS CONSIDERED PAID IN FULL UPON CLEARANCE OF FINANCIAL INSTITUTION

0001345261

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Trustpoint Hospital, LLC, 1009 North Thompson Lane, Murfreesboro, TN 37129 ("Applicant"), a subsidiary of Acadia Healthcare Company Inc., 6100 Tower Circle, Suite 1000, Franklin, TN 37067, intends to file a Certificate of Need application for the addition of eighty-eight (88) hospital beds, as follows: Adult Psychiatric Beds will increase from fifty-nine (59) to one hundred eleven (111) beds; Geriatric Psychiatric Beds will remain at thirty-six (36) beds; Medical Detoxification beds will remain at eighteen (18) beds; Physical Rehabilitation beds will increase from sixteen (16) beds to twenty-four (24) beds; Child Psychiatric Beds will increase from no beds to fourteen (14) beds; and Adolescent Psychiatric Beds will increase from no beds to fourteen (14) beds; with total beds at the Applicant increasing from one hundred twenty-nine (129) beds to two hundred seventeen (217) beds. An approximate 119,500 Gross Square Feet new building will be constructed, plus an approximate 4,500 Gross Square Feet covered connector to the existing facility, and an additional approximate 3,372 Gross Square Feet will be added to the existing facility. The requested beds will be licensed by the Tennessee Department of Health as hospital beds, as are the already-approved beds at the Applicant's hospital. In addition to these eighty-eight (88) hospital beds, there will be thirty-two (32) residential care beds constructed in the new building, half (16 beds) for adolescents and half (16 beds) for children. These thirty-two (32) residential beds are not subject to Certificate of Need review, and will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that the Applicant will continue to serve Medicare, Medicaid, commercially insured, and private-pay patients. The estimated project cost is anticipated to be approximately \$60,000,000, including filing fee.

The anticipated date of filing the application is: June 15, 2016.

The contact person for this project is E. Graham Baker, Jr., Attorney who may be reached at 2021 Richard Jones Road, Suite 120, Nashville, TN 37215, 615/370-3380.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

52
+ 8
+ 14
+ 14

88

Supplemental #1 -COPY-

TrustPoint Hospital

CN1606-024

June 27, 2016**9:26 am****AFFIDAVIT**

STATE OF TENNESSEE

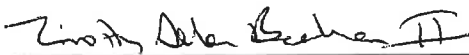
COUNTY OF WILLIAMSON

NAME OF FACILITY: TrustPoint Hospital (CN1606-024)

I, E. Graham Baker, Jr., after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge, information and belief.


Signature/Title Attorney at Law

Sworn to and subscribed before me, a Notary Public, this 27 day of June, 2016;
witness my hand at office in the County of Williamson, State of Tennessee.



NOTARY PUBLIC

My Commission expires: 01-07-17

1. Section A, Applicant Profile, Item 5

In the application, CN1502-006A Polaris Hospital Management Incorporated is the management entity for TrustPoint Hospital. Please clarify the reason Polaris is longer the management/operating entity.

Response: Acadia Healthcare Company, Inc. purchased full ownership of the applicant's parent company subsequent to the approval of the CN1502-006A application. The management contract between the applicant and Polaris Hospital Management Incorporated was terminated as part of that purchase. The hospital's leadership team, which were employed through Polaris Hospital Management Incorporated at the time of the CN1502-006A application, are still in place but now as part of Acadia Healthcare Company, Inc.

Please discuss the applicant's experience in the management/operation of an acute care psychiatric hospital.

Response: TrustPoint Hospital has provided comprehensive psychiatric inpatient and outpatient services to the community since opening in 2012. The leadership team is comprised of seasoned healthcare and clinical experts with many years of experience in psychiatry and medicine. For example, the Chief Executive Officer is a registered nurse who holds advanced degrees in counseling psychology, public health, and a doctorate in nursing practice. In addition, the Chief Executive Officer is board certified in Psychiatric and Mental Health Nursing. The combined experience of the administrative and clinical leadership team, in the management/operation of an acute care psychiatric hospital, is more than 100 years.

2. Section A, Applicant Profile, Item 6

On page 26 of the application it is noted the hospital has purchased approximately 12 acres of additional land adjacent to and directly connected to the existing TrustPoint hospital property. Please provide a copy of the title/deed.

Response: TrustPoint Hospital has site-control of five parcels adjacent to and directly connected with the existing hospital. Together, these five parcels make approximately 12 acres. The purchase of three of those parcels (approximately 10.5 of the 12 acres) have closed and the titles are attached. The remaining two parcels (approximately 1.5 acres) will close in the next few weeks and their purchase contracts are attached. Although these remaining approximately 1.5 acres are being purchased, they are not essential to the hospital's build plan. Please see *Supplemental A.6*.

The lease of 99 years between NHI-REIT of Tennessee, LLC and TrustPoint is noted. However, please confirm the initial lease term is 15 years and with the right to renew.

Response: The initial lease term between the applicant and NHI-REIT of Tennessee, LLC is 15 years with rights to renew. This initial lease includes the land utilized by the applicant's existing building. The 99 year lease term is in reference to the adjacent land that was recently acquired for the construction of a second building.

3. Section A, Applicant Profile (Bed Complement Data), Item 9

CON #/10 Bed Provision	Date Approved	Licensed Beds	Additional Beds Requested/Added	Approved Beds at Completion	Outstanding Beds
	Date Implemented				
SeniorHealth of Rutherford, LLC CN0610-089	Approved October 2006	60 (9 detox, 12 adult psych, 12 gero psych, 27 inpatient rehab)	0	60	
	Implemented August 2012				
CN1207-031A Trustpoint Hospital	October 2012	60 (9 detox, 12 adult psych, 12 gero psych, 27 inpatient rehab)	16 (8 adult Psych and 8 Gero Psych)	76 (9 detox, 20 adult psych, 20 gero psych, 27 inpatient rehab)	
	January 2013				
10 Bed Provision August 2013	August 2013	76	+10 beds (10 psych)	86 (50 psych, 9 medical, and 27 rehab)	
	August 2013				
10 Bed Provision October 2014	August 2014	86	+10 beds (9 psychiatric, and 1 med)	96 (59 psychiatric, 10 medical, 27 rehab)	
	October 2014				
CN1502-006 TrustPoint Hospital	May 2015	96	+36 (28 adult psych 18-64 and 8 gero psych) Applicant believes this should read as follows: +33 (28 adult psych, 8 medical, 8 geriatric psych, -11 Rehab)	129 (59 adult psych, 36 gero psych, , 18 medical detox, 16 rehab)	28 15 adult psych, 8 geriatric psych, 8 medical, -3 rehab
	October 2015 (Phase I of II)				
CN1606-024 TrustPoint Hospital		129	+88 (52 adult psych, 14 child psych, 14 adolescent psych, 8 rehab)	217 (111 adult psych, 36 geropsych, 14 child psych, 14 adolescent, 24 rehab)	

Please complete the above table which will indicate the status of any outstanding beds associated with prior approved projects. Please also complete the fields that are marked with a question mark.

Response: See above chart

Please provide a brief bed history that identifies when beds went into service beginning with the original Certificate of Need.

Response: The original Certificate of Need was for 60 beds (24 psychiatric, 9 medical and 27 rehabilitation). The original beds were licensed in August, 2012 and Accredited in September of 2012. 16 psychiatric beds were added to the Certificate of Need effective October of 2012. This grew total licensed bed count to 76 (40 psychiatric, 9 medical and 27 rehabilitation). Ten (10) beds were added to the Certificate of Need effective August of 2013. All of the additional beds were allocated to the psychiatric service. Total licensed beds grew to 86 (50 psychiatric, 9 medical and 27 rehabilitation). Ten (10) beds were added to the Certificate of Need effective August of 2014. Nine (9) of the additional beds were allocated to the psychiatric service and one (1) bed was allocated to the medical service. Total licensed beds grew to 96 (59 psychiatric, 10 medical and 27 rehabilitation). Forty-four (44) beds were added and 11 beds were subtracted for a net increase of 33 beds to the Certificate of Need effective May of 2015. 36 additional beds were allocated to the psychiatric service and 8 additional beds were added to the medical service. 11 beds were reduced from the rehabilitation service. Total approved beds grew to 129 (95 psychiatric, 18 medical and 16 rehabilitation). Total licensed beds grew to 101 (72 psychiatric, 10 medical, and 19 rehabilitation) in October of 2015 upon the completion of phase I of the 2015 Certificate of Need implementation.

Please clarify how the applicant can have 101 staffed beds while 28 beds are CON approved but not yet in service.

Response: Following the last CON approval, the hospital implemented phase I of that transition, resulting in the current bed complement of 101 beds as follows: 31 General Adult Psychiatry (no change), 13 Adult Affective Disorder Psychiatry (13 new beds), 28 Geriatric Psychiatry (no change), 19 Physical Medicine/Rehabilitation (reduction of 8 beds), and 10 Medical Detox/Psychiatry (no change). The remaining beds were slated for Phase II of the CON implementation. However, the recent acquisition of TrustPoint Hospital by Acadia Healthcare Company, Inc., and the additional land acquisitions, allows TrustPoint Hospital to more fully meet the integrated care needs of the broader population. Therefore, the remaining beds from the prior CON are incorporated in the new build, allowing for improved treatment space and resource allocation. It is important to note that in its last CON (CN1502-006A), TrustPoint Hospital acknowledged that its bed and service line request was limited by the space restrictions of the existing facility and the lack of land that could support further service delivery. In that prior application process, the State made additional inquiry regarding TrustPoint Hospital's future plans to provide services to a broader population. At that time, TrustPoint Hospital stated its ability to expand would be subject to the acquisition of new land or the ability to grow vertically (i.e., additional floors). The original facility construction was not designed to support constructing additional floors. Therefore, new land acquisition was the only alternative to support needed growth. As a result of the May 1, 2016 acquisition of TrustPoint Hospital by Acadia Healthcare Company, Inc., TrustPoint Hospital has been able to acquire additional land

and fully fund growth needed to support the long term psychiatric and rehabilitation medicine needs of our communities.

4. Section A, Applicant Profile, Item 13

It is noted United Healthcare Community Plan has closed their network and TrustPoint is not contracted for either inpatient psychiatry or physical rehabilitation. Did United Healthcare Community Plan indicate through correspondence the reason for closing their network to new providers? If so, please discuss.

Response: United Healthcare Community Plan has not provided any rationale for closing their networks. It is clear from the demand that additional providers are needed. Despite not being “in-contract” with United Healthcare Community Plan, we nevertheless accept and treat their members on an out-of-network/case agreement.

Please clarify if the applicant will be included in the United Healthcare Community Plan network for partial hospitalization, intensive outpatient, or outpatient services.

Response: United HealthCare Community Plan has steadfastly declined to contract with new providers, including TrustPoint Hospital. Nevertheless, we continue discussions to be included in their network. Notwithstanding their refusal to contract, TrustPoint Hospital provides care to United Healthcare Community Plan as an out-of-network provider. TrustPoint Hospital expects it will eventually gain contract status and will continue to provide care for patients across the continuum of services.

Please clarify if the applicant is contracted with AmeriGroup for Physical Rehabilitation Services. If not, what is the current status?

Response: AmeriGroup does not consider Inpatient Rehabilitation Services for patients 21 and older to be a covered service.

The applicant references Attachment B.I.A but could not be located in the application. Please clarify.

Response: Please see *Supplemental B.I.A.*

5. Section B, Project Description, Item I

Please discuss why the applicant is adding beds while 15 adult psychiatric, 8 gero psych approved previously approved are not yet in service, the applicant has only been in operation as a hospital for 4 years, and the applicant has adjusted beds through 2 previously approved Certificates of Need and through two 10 bed provision bed adjustments. Please be specific.

Response: At the time CN1502-006A was approved in May 2015, TrustPoint Hospital did not have the land or financial capabilities to build in a way that would meet the relentless demand for services. Because of the land and capital limitations, the only option for TrustPoint Hospital at that time was to make a request for beds within the strict limitations of the existing physical building, knowing and representing to the Health Services Development Agency that the request was still insufficient to meet the need in the community for psychiatric care. As a trade-off related to space constraints and excess capacity in Physical Medicine/Rehabilitation, TrustPoint Hospital asked to reduce its Physical Medicine/Rehabilitation beds from 27 to 16. The reduction to 16 beds was based on the physical plant layout limitations resulting from regulatory requirements to ensure appropriate separation between services. This reduction in Physical Medicine/Rehabilitation beds was also deemed the lesser concession against the unrelenting demand in psychiatry. With the recent acquisition of new land and financial support gained through Acadia Healthcare Company's purchase of the hospital, those very restrictive space constraints have been alleviated, allowing the hospital to grow and expand in an orderly fashion to meet the actual needs of the community, versus having to trade-off beds and services that the hospital and community deem essential now and in the future. It is correct that TrustPoint Hospital has expanded through the series of steps described in this supplemental question. Each of these bed expansions has been orderly and fully supported by the apparent, actual, and continuing extreme demand for services.

Following the last CON approval, the hospital implemented phase I of that transition, resulting in the current bed complement of 101 beds as follows: 31 General Adult Psychiatry (no change), 13 Adult Affective Disorder Psychiatry (13 new beds), 28 Geriatric Psychiatry (no change), 19 Physical Medicine/Rehabilitation (reduction of 8 beds), and 10 Medical Detox/Psychiatry (no change). The remaining beds were slated for Phase II of the CON implementation. However, the recent acquisition of TrustPoint Hospital by Acadia Healthcare Company, Inc., and the additional land acquisitions, allows TrustPoint Hospital to more fully meet the integrated care needs of the broader population. Therefore, the remaining beds from the prior CON are incorporated in the new build, allowing for improved treatment space and resource allocation. It is important to note that in its last CON (CN1502-006A), TrustPoint Hospital acknowledged that its bed and service line request was limited by the space restrictions of the existing facility and the lack of land that could support further service delivery. In that prior application process, the State made additional inquiry regarding TrustPoint Hospital's future plans to provide services to a broader population. At that time, TrustPoint Hospital stated its ability to expand would be subject to the acquisition of new land or the ability to grow vertically (i.e., additional floors). The original facility construction was not designed to support constructing additional floors. Therefore, new land acquisition was the only alternative to support needed growth. As a result

of the May 1, 2016 acquisition of TrustPoint Hospital by Acadia Healthcare Company, Inc., TrustPoint Hospital has been able to acquire additional land and fully fund growth needed to support the long term psychiatric and rehabilitation medicine needs of our communities.

Please identify the age ranges that will define patients as child and adolescent.

Response: As set out in the State Health Plan, TrustPoint Hospital will define child age range from 5-12 years and adolescent age range from 13-17 years. However, decisions regarding adherence to these strictly numerical ranges will vary depending upon the clinical presentation of the patients. For example, a 12 year old child with conduct, behavior, and intellect who is better suited and more compatible with the adolescent population, may receive services in that program.

Please provide a brief description of the applicant's outpatient, intensive outpatient, partial hospitalization, intensive outpatient inpatient, and outpatient programs. Please include the operating hours and target population for each program.

Response: TrustPoint Hospital currently provides the following outpatient programs: Adult Intensive Outpatient Program (IOP). In addition, TrustPoint Hospital owns the ClearPath Behavioral Health clinic. The IOP provides intensive counseling and group therapy services to adults 18 and over. This program operates Monday through Friday in two sessions of three hours each. The sessions are offered from 9:00 am to noon and 5:00 pm to 8:00 pm. Patients are able to select the morning or evening program based on their personal, work, or child care needs. Patients participate on average three days per week for approximately 12-14 visits. The program is designed to serve as an alternative to inpatient care or as a step down from inpatient. All forms of insurance are accepted for this program as well as private pay and charity care. The ClearPath Behavioral Health clinic is operated under its unique name and does not identify itself as a hospital based program. The clinic is located in a medical office complex away from the hospital. Traditional outpatient consultation, assessment, medication management, and individual therapy are provided by a licensed psychiatrist and psychiatric nurse practitioner. Services are provided to adults and adolescents. The clinic is open Monday through Friday from 10:00 am to 6:00 pm, by appointment. In the coming weeks, the clinic will begin providing services on Saturday. Most forms of insurance are accepted, as well as private pay and charity.

To provide integrated services under this proposed CON, and as a result of the proposed build, TrustPoint Hospital will provide additional outpatient services to meet the demand and unique clinical needs of the population. The new services include expanded IOP and Partial Hospitalization Programs (PHP). The expanded IOP will allow for multiple clinical tracks to better differentiate the care provided to a broader clinical cross-section. The PHP program will operate in accordance with CMS regulations and provide intensive individual and group therapy to patients with serious mental illness. One of the chief goals of PHP and IOP is to manage psychiatric symptoms that if left unattended will likely result in repeated need for inpatient hospitalization. To support these patients, IOP and PHP will operate Monday through Friday. The PHP program is envisioned to operate multiple tracks to meet the unique clinical needs of the population (i.e., affective disorders, disorders related to cognition and behavior, military,

grief and loss, thought disorders, youth, etc.). The PHP and IOP programs will accept all contracted insurance as well as private pay and charity.

Please clarify if the applicant has a pharmacy. If so, where is it located?

Response: TrustPoint Hospital operates a pharmacy under contract with PharmaSource/OmniCare, a national provider of on-site hospital pharmacy solutions. The pharmacy is NOT a retail pharmacy (i.e., we do not dispense or sell medications to the public). In addition, the hospital contracts with Pipeline Rx, a national remote pharmacy service, for overnight and holiday services. At all times, a licensed pharmacist is either on-site or immediately available to return to the hospital if needed. The pharmacy is located on the first floor of the existing hospital.

6. Section B, Project Description, Item II.A and II.E

Item II.A - The Square Footage Chart is noted. To complement the description and chart pertaining to the proposed patient care units in Phase II of the proposed construction, as well as the location of all inpatient beds on the campus, please complete the table below.

Hospital Floor	Current Unit Type	Number of Beds (Licensed /Staffed)	# Rooms Private, Semi-Pvt, Other	Proposed Unit Type	Number of Beds (Licensed /Staffed)	# Rooms Private, Semi-Pvt, Other
2 nd Floor Existing Hospital	Geri Psych Behavioral Unit	28	14 semi-private	Adult psychiatry - serious (6404 receiving)	28	14 semi-private
2 nd Floor Existing Hospital	Adult General Psychiatry	31	15 semi-private, 1 private	Adult psychiatry - severe (6404 receiving)	31	15 semi-private 1 private
1 st Floor Existing Hospital	Physical Medicine/ Rehab	19	19 Private	Physical Medicine/ Rehab (this change will encompass the existing 1 st Floor Adult Affective Disorder Psychiatry space)	24	24 private
1 st Floor Existing Hospital	Adult Affective Disorder Psychiatry	13	6 semi-private; 1 private			
1 st Floor Existing Hospital	Medical Psychiatry/ Detox	10	8 private; 1 semi-private	Medical Psychiatry/ Detox	18	18 private
1 st Floor New Building				Child Psychiatry	14	7 semi-private
1 st Floor New Building				Adolescent Psychiatry	14	7 semi-private
1 st Floor New Building				Geri Psych Behavioral Unit	36	18 semi-private
2 nd Floor New Building				Adult Affective Disorder Psychiatry	28	14 semi-private
2 nd Floor New Building				Adult Co-Occurring Disorder Psychiatry	24	12 semi-private
Total		101			217	

Please complete the following chart showing room changes from current to proposed:

Private/Semi-Private Room and Bed Mix

Bed Type	Current Private Rooms/Beds		Current Semi-Private Rooms/Beds			Proposed Private Rooms/Beds		Proposed Semi-Private Rooms/Beds	
	Rooms	Beds	Rooms	Beds		Rooms	Beds	Rooms	Beds
Child Psych	0	0	0	0		0	0	7	14
Adolescent Psych	0	0	0	0		0	0	7	14
Adult Psych	2	2	21	42		1	1	55	110
Geriatric Psych	0	0	14	28		0	0	18	36*
Medical Detox	8	8	1	2		18	18	0	0*
Physical Rehab	19	19	0	0		24	24	0	0
TOTAL	29	29	36	72		43	43	87	174

* These beds have been approved under prior CON (CN1502-006A)

7. Section B, Project Description, Item II.A

The applicant notes a 199,500 SF building will be constructed. However, the Square Footage and Cost Per Square Footage Chart reflects a building of 127,372 SF. Please clarify.

Response: Respectfully, a review of the applicant's response found in paragraphs 1 and 7 of Section B, Project Description, Item II.A., correctly reflects that construction will include an approximately 119,500 SF new building, an approximately 3,372 SF addition to the existing facility, and an approximately 4,500 SF covered connector between the existing and new buildings. Together, the proposed construction totals approximately 127,372 SF.

The applicant notes 3,372 SF will be added to the existing facility. Where is this located in the Square footage and Cost Per Square Footage chart?

Response: This information is located under column "A. Unit / Department" of the Square Footage and Cost per Square Footage Chart. The entry is titled "Existing Hospital Expansion"

Please provide the referenced Attachment B.I.A and B.I.B.

Response: Please see *Supplemental B.I.A.* and *Supplemental B.I.B.*

8. Section B, Project Description, Item II.C

It appears the applicant has a 31 bed unit that specializes in involuntary admissions. Please describe how the unit will provide services/security/and staff to handle more acute psychiatric patients.

Response: From its inception, TrustPoint Hospital has provided care to a very substantial population of involuntary patients. For this population, we staff at ratios (4-5:1) to meet the acuity demands of the patients. In addition, one-on-one staffing is applied as needed for more seriously acute patients. All staff are trained on hire and annually in Prevention and Management of Aggressive Behavior (PMAB). This training provides the framework for ensuring patient and staff safety. The hospital also utilizes an overhead page (Code Orange) when additional staff support may be required. Like a medical code, teams of staff respond to the area making the page to assist in management of potentially harmful circumstances. TrustPoint Hospital contracts with a security company to provide additional safety coverage evenings, nights, and weekends.

Please clarify if the Trustpoint Hospital has ever been completely full.

Response: TrustPoint Hospital has frequently been completely full and routinely runs a wait list for admissions across all service lines. In addition to frequently being at 100% occupancy, TrustPoint Hospital has been completely full in terms of its ability to admit additional patients. In healthcare, this phenomenon is related to “throughput”. Throughput is the process and timing by which patients move into and out of the hospital. Throughput is influenced by a significant number of variables, including, but not limited to: time of admission, time of discharge, gender, chief complaint for admission, unit acuity, transportation, family or POA support, etc. Throughput is one of the most vexing problems for administrators and clinicians. On the one hand, you have beds that are either empty or will be empty upon a planned discharge. On the other hand, you have enormous pressure for admissions who cannot obtain a bed until all of the variables line up to create the vacant bed opportunity. In order to maintain 100% occupancy, all of these variables must align perfectly. This phenomenon is not at all unique to acute care hospitals. There exists a plethora of research that examines the phenomenon of throughput and occupancy rates as a function of positive patient outcomes and hospital operations. As an example, Keegan (2010) published an article addressing the impact of occupancy rates on both clinical outcomes for patients and its impact on staff health and wellbeing. The author’s findings, supported by abundant research, stands for the proposition that 85% occupancy of an acute care hospital is optimal for patient outcomes and staff health and wellbeing. Moreover, the logistics of throughput make achieving occupancy rates higher than 85% very difficult. On that basis, and consistent with the experience at TrustPoint Hospital, the applicant argues that CON bed approval based on population statistics and disease state data must provide a bed allowance buffer of 15% or more to allow for efficient and effective throughput. As an example using this rubric, if the State were to determine that a need exists for 100 beds in any applicant’s service line, that number should actually be at least 115 beds to allow for the orderly and efficient throughput of patients and the wellbeing of staff. A further example related to throughput can be easily identified from our data for fourth quarter 2015 and first quarter 2016. Over that six

month period, TrustPoint Hospital was required to divert, conservatively, an average daily census of 73.4. This equates to 1,782 patients who were denied care due to a lack of beds, or the lack of service line options to meet their clinical needs. This proposal will resolve the complex and vexing issue of throughput, access to care, and care that is timely and responsive to the clinical needs of our patients and community.

9. Section B, Project Description, Item B.IV

Many of the drawings included in the application are just too small to be legible and permit the Agency a **clear** understanding of what the applicant is proposing. Please provide larger, more detailed images with **legible room labels** of your project.

Response: See larger drawings attached as *Supplemental B.IV*.

10. Section C, Need, Item 1. (Service Specific Criteria-Psychiatric Inpatient Services)

Please complete the following tables to determine psychiatric bed need.

Service Area	Population 2020			Gross Need Pop. X (30 beds/100,000)			Current Beds			Net Need		
	Adult 18+	Adult 18- 64	65+	Adult 18+	Adult 18-64	65+	Adult 18+	Adult 18-64	65+	Adult 18+	Adults 18-64	65+
Rutherford and Bedford Counties	303,282	271,638	31,644	92	82	10	72	44	28	20	38	(18)

Service Area	Population 2020		Gross Need Pop. X (30 beds/100,000)		Current Beds		Net Need	
	Child 0-12	Adolescent 13-17	Child 0-12	Adolescent 13-17	Child 0- 12	Adolescent 13- 17	Child 0- 12	Adolescent 13- 17
Rutherford and Bedford Counties	72,328	35,342	22	11	0	0	22	11

Note: The population numbers are derived by applying the 2010 actual age group percentages to the 2020 total population estimates on the DOH website. For example, in 2010, the under 12 population of both counties totaled 16.9% of the population. That same percentage (16.9%) was applied to the 2020 estimated population (from US Census Bureau) to arrive at the estimated numbers in the charts above.

Since approximately 45% of the applicant's patients originate outside of Bedford and Rutherford counties, please complete the following chart:

Bed Need in Applicant's Primary and Bordering Service Area, CY2020

County	Adult Psych Bed Need	Shortage or (surplus)	Geri Psych Bed Need	Shortage or (surplus)
Bedford	11	11	2	2
Rutherford	71	(27)	9	(19)
PSA-Subtotal	82	(16)	11	(17)
Cannon	1	1	1	(21)
Davidson	142	(349)	17	(21)
Williamson	47	30	6	6
Wilson	28	28	4	4
SSA-Subtotal	218	(290)	28	(32)
Grand Total	300	(306)	39	(49)

Note: The population numbers are derived by applying the 2010 actual age group percentages for the combined population of Bedford and Rutherford Counties for adult (17 – 64) and geriatric (65+) to the 2020 total population estimates on the DOH website. For example, in 2010, the adult population of Rutherford and Bedford counties totaled 66.1% of the population. That same percentage (16.9%) was applied to the 2020 estimated population (from US Census Bureau) to arrive at the estimated numbers in the charts above. There is no statistical evidence in conclude that the population percentages of various counties (e.g., Wilson) would be any difference from the combined total of Rutherford and Bedford.

Also note that our projections, based on actual admissions, indicate that only about 28% of our projected Year 1 admissions will be from outside Bedford and Rutherford Counties.

11. Section C, Need, Item 1. (Service Specific Criteria-Acute Bed Services)

Please address the service specific criteria for acute bed services for the addition of acute beds to the hospital's license.

Response: Based on the data furnished by the TN Department of Health, Acute Care Bed Need Projections for 2016 and 2010, Based on Final 2014 Hospital JARS report, there is a shortage of 31 licensed hospital beds in Bedford County, and a shortage of 102 licensed hospital beds in Rutherford County, for a total of 133 "needed" hospital beds in the two counties. This application is to add 88 beds at Trustpoint Hospital.

However, the beds being requested are not general med-surg beds, but will be utilized as psychiatric and rehab beds. Therefore, the Applicant respectfully replies that the Service Specific Criteria for Acute Bed Services are not applicable to this project.

12. Section C, Need, Item 1. (Service Specific Criteria-Comprehensive Rehabilitation Services,)

Please address the service specific criteria for Comprehensive Rehabilitation Services for the addition of 8 rehabilitation beds.

Response: Please see *Supplemental Inpatient Rehabilitation Services*.

13. Section C, Need, Item 1. (Service Specific Criteria-Psychiatric Inpatient Services,)

Item B.1 (Service Area)-Please clarify the percentage of admissions in Year One that will originate from Rutherford and Bedford Counties.

Response: Based on historical admissions from Rutherford and Bedford county, and data showing county of origin data for deflected/diverted admission, the applicant estimates that at least 72% of Year One admissions will originate from Rutherford and Bedford Counties.

B.2 Involuntary Admissions and Item C.4

Please complete the following table for 2015.

Total Admissions		# of Involuntary Admissions		% Involuntary Admissions of Total Admission	
Adult 18-64	65+	Adult 18-64	65+	Adult 18-64	65+
1608	639	1271	267	79%	42%

Item C.1-(Relationship to applicable plans). Your response is noted. Please verify if there are any state, city, county, and/or regional plans to consider as part of this proposal.

Response: There are no known state, city, county, and/or regionals plans to consider as part of this proposal.

Item C.3 (Impact on similar Institutions supported by state appropriations): It appears the applicant will increase involuntary admissions that may otherwise go to Middle Tennessee Mental Health Institute (MTMHI). On page 15 of the application the applicant states a 31 bed adult unit is proposed specializing in the care of patients with severe mental illness requiring highly intensive care that otherwise would be referred to Middle Tennessee Mental Health Institute or other similar institutions. If approved, please assess the impact the proposed additional 80 psychiatric beds will have on this state supported mental health institute.

Response: As described in this application, TrustPoint Hospital has insufficient adult and child/adolescent psychiatry beds to meet the immediate, near, and long term demand by patients. Data collected indicates Middle Tennessee Mental Health Institute (MTMHI) operates at, near, or above capacity. It is our opinion that as mental health literacy (i.e., citizens becoming increasingly informed about services available to meet their mental health needs locally) increases in Rutherford and Bedford Counties, the demand for services will only increase for all providers. It is our hope that MTMHI will see a reduction in excess demand as a result of TrustPoint Hospital's increased adult beds. As previously described, the critically important work and services provided by MTMHI are very consistently impacted by demand that exceeds capacity. In that regard, TrustPoint Hospital expects to be able to share that burden for the good

of all citizens in Rutherford and Bedford Counties. Moreover, despite their tremendous efforts and dedicated team, MTMHI is unable to timely meet the inpatient needs of patients referred by Mobile Crisis services, emergency departments, and the community. This often very long delay in care has substantial and real implications for the wellbeing of psychiatric patients and medical patients awaiting care in overcrowded emergency departments.

It is a widely publicized and studied fact that emergency departments across Tennessee and the United States suffer from severe overcrowding. One of the key contributors to overcrowding is the boarding of psychiatric patients in the emergency department while waiting for a bed to become available in either state operated or private psychiatric hospitals. The average boarding time for a psychiatric patient in the emergency department exceed 24 hours, with many patients waiting days to weeks in the emergency department for a psychiatric bed (Zeller, Calma, and Stone, 2014). The crisis of emergency department overcrowding due to prolonged boarding of psychiatric patients is well known in middle Tennessee and has been studied. In fact, the Chief Executive Officer at TrustPoint Hospital successfully defended his doctoral dissertation on this subject, having conducted a study of the impact on emergency department boarding time of psychiatric patients conducted at the St. Thomas Rutherford Hospital emergency department (Woods, 2016). In Woods' study, he deployed licensed mental health providers in the emergency department at St. Thomas Rutherford Hospital to assist the emergency department staff with the rapid triage, assessment, and dispositioning of psychiatric patients. Over a six month period, the study resulted in data from 799 psychiatric patients admitted to the St. Thomas Rutherford Hospital emergency department. The results of the study showed a nearly insignificant change in emergency department boarding time as a result of the intervention (mean boarding time > 9 hours with a great many boarding for days). When controlled for multiple variables (i.e., patient funding source, diagnosis, gender, age, etc.), the impact of the intervention on psychiatric patient boarding time did not significantly shift from the pre-intervention state. This is important in that it demonstrates, among other things, that the shortage of accessible beds is a real and serious threat to the health and wellbeing of our community. Moreover, psychiatric patients are not being cherry picked for admission to private psychiatric hospitals based on their financial status or other factors. Woods' study found that a well-insured patient is just as likely to spend hours to days in the emergency department as an indigent patient. This fact alone demonstrates the intense need and demand for a comprehensive and integrated behavioral health delivery system like that proposed by TrustPoint Hospital. Further, the inability to clear the emergency department of psychiatric patients results in delaying necessary care to those seeking emergency medical treatment for various serious and often life threatening conditions. By approving TrustPoint Hospital's CON proposal, the State will create a space to relieve MTMHI, St. Thomas Rutherford Hospital, and the community of the intense burden of needing a full continuum of integrated psychiatric services, but who are now unable to access them.

14. Section C, Need, Item 4

Please complete the following chart:

	Bedford County	Rutherford County	Total Service Area	State of TN Total
Total Population-Current Year -2016	50,005	318,638	368,643	6,812,005
Total Population-Projected Year -2020	53,334	357,615	410,949	7,108,031
Total Population-% change	+6.7%	+12.2%	+11.5%	+4.3%
Age 0-17 Population 2016	13,024	81,906	94,930	23.1%
Age 0-17 Population 2020	13,664	90,675	104,339	22.7%
Age 0-17 Population-% change	+4.9%	+10.7%	+9.9%	+2.8%
Age 0-17 Population % of Total Population	26.0% (2016) 25.6% (2020)	25.7% (2016) 25.4% (2020)	25.9% (2016) 25.5% (2020)	23.1% (2016) 22.7% (2020)
Age 18+ Population – 2016	36,981	236,732	273,713	5,241,318
Age 18+ Population – 2020	39,670	266,940	306,610	5,494,030
Age 18+ Population - % change	+7.3%	+12.8%	+12.1%	+4.8%
Age 18+ Population as % of Total Population	74% (2016) 74.4% (2020)	74.3% (2016) 74.6% (2020)	74.2% (2016) 74.5% (2020)	76.9% (2016) 77.3% (2020)
Age 65+ Population – 2016	3,851	24,535	28,386	524,525
Age 65+ Population – 2020	4,107	27,537	31,644	547,319
Age 65+ Population - % change	+6.6%	+12.2%	+11.5%	+4.3%
Age 65+ Population as % of Total Population	7.7%	7.7%	7.7%	7.7%
Median Age ¹	36.4	32.2	n/a	38
Median Household Income ²	\$39,042	\$53,983	n/a	\$42,943
TennCare Enrollees	13,507	51,683	65,190	1,543,757
TennCare Enrollees as % of Total (2016 data)	27.0%	16.2%	17.7%	22.7%
Persons Below Poverty Level **	8,200	27,904	36,104	1,055,635
Persons Below Poverty Level as % of Total ³	17.9%	11.5%	12.5%	17.0%

The Tennessee Department of Health's Population Projections 2010-2020 should be used for the TN population projections, the US Census Bureau and the State of Tennessee Bureau of TennCare websites will be helpful in gathering the other demographic statistics.

¹ US Census Quickfacts, 2010; ² US Census Quickfacts, 2005 – 2009; ³ Poverty numbers taken from US Census Quickfacts, 2009, population based on TN DOH estimates for 2009

15. Section C, Need, Item 5

Please update the following chart showing historical utilization of the primary and contiguous area.

2012-2014 Regional Area Acute Care Hospitals Inpatient Psychiatric Beds

Facility	County	2014 Licensed Beds	Patient Days			Licensed Occupancy			% Change 2012- 2014
			2012	2013	2014	2012	2013	2014	
Stones River	Cannon	22	5,225	2,787	1,514	65.1%	34.7%	18.9%	-71.0%
TN Christian (Skyline Madison)	Davidson	102	22,152	25,731	25,679	66.7%	75%	69.0%	+3.4%
St. Thomas	Davidson	23	5,761	5,094	2,768	65.8%	58.2%	33.0%	-50.0%
Vanderbilt	Davidson	88	28,201	27,459	25,019	88%	85.5%	77.9%	-11.5%
Centennial	Davidson	130	29,943	45,381	31,227	62.1%	94.2%	65.8%	-6.0%
Summit	Davidson	0	4,449	2,484	n/a	61%	34%	n/a	n/a
TrustPoint Hospital	Rutherford	87		9,937	15,199		54.4%	47.9%	n/a
Rolling Hills	Williamson	76	22,705	24,157	21,207	77.8%	82.7%	76.5%	-1.7%
UMC	Wilson	0	8,500	7,239	n/a	47.5%	40.5%	n/a	n/a
Area total w/o MTMHI		528	126,936	150,269	122,613	64.2%	76%	64.6%	+0.9%
MTMHI	Davidson	207	60,614	60,819	64,670	55.4%	55.5%	85.6%	+54.5%
Total		735	187,550	211,088	187,283	61%	68.7%	69.8%	+14.4%

Note: Some of the above data may be suspect, as some patient day utilization figures may be higher if mental health care was reported by the hospital as alcohol-related care on the JARS. Utilization figures on the above chart are taken from the mental health section of the JARS, only, and do not include alcohol-related patient days.

16. Section C, Need, Item 6

Please clarify the need for additional beds at this time (without the implementation of 28 beds approved but not yet in service) with the following 1st quarter 2016 occupancies: Geriatric Psych 84%, Rehabilitation, 84%, Medical 59%.

Response: The state correctly points out that TrustPoint Hospital has not implemented the remaining 28 beds under its prior CON. As previously described, the implementation of the prior CON was conceived in two phases. Phase I was completed with the initial reduction in Physical Medicine/Rehabilitation beds from 27 to 19 and the addition of 13 adult psychiatric beds for the treatment of Affective Disorders. At the time of the prior CON filing, TrustPoint Hospital submitted a proposal that would increase psychiatric beds and decrease Physical Medicine/Rehabilitation beds. This decision was driven by three factors: (1) TrustPoint did not have the land or physical space to make a more comprehensive CON request, (2) the owners of TrustPoint Hospital did not have the financial capability to develop a more comprehensive, integrated behavioral health system, and (3) the decision to decrease Physical Medicine/Rehabilitation and increase adult and geriatric services was driven by both population demand and the specific physical plant and regulatory constraints on the placement of beds and services.

TrustPoint Hospital stated in its prior application and presentation that the request being made at that time was insufficient to meet the comprehensive needs of the community, citing specifically the need for additional land and financial resources. TrustPoint Hospital promised to come back to the state at the first opportunity that presented itself to resolve these challenges. On May 1, 2016, Acadia Healthcare Company, Inc. became the owner of TrustPoint Hospital. The shared vision of Acadia Healthcare Company, Inc. and the leadership of TrustPoint Hospital are aligned in mission and commitment to developing a fully integrated healthcare system to provide for the near and long term care of patients suffering mental health and physical medicine/rehabilitation disorders. Acadia Healthcare Company, Inc. is the nation's leader in developing and operating similarly situated integrated behavioral health and medical services. Under this new ownership relationship, the leadership at TrustPoint Hospital was finally in a position to fully address the comprehensive psychiatric and physical medicine/rehabilitation needs of the community, without the severely limiting factors associated with space constraints inherent in the existing building. Rather than completing Phase II of the prior CON, TrustPoint Hospital has determined that it is in the best interest of patients and the community that those remaining 28 beds be redistributed across the new construction and bed envelope for the hospital. By re-conceptualizing the allocation of space and services under this proposal, we will avoid unnecessary disruption to services, access to care, and dislocation of existing programs. In simplest terms, we will no longer have to struggle to find space necessary to effectively and efficiently provide integrated care to meet the tremendous needs of psychiatric and physical medicine/rehabilitation patients.

With respect to the occupancy rates referenced in the question, it is important to refer back to the earlier discussion on throughput (Supplemental Questions 8 and 13). As evidenced by the literature cited previously, 84% occupancy is in fact fully occupied. The challenges associated with throughput make it very difficult to achieve occupancy rates much beyond 85%.

Nevertheless, in order to achieve 84% occupancy requires many days where occupancy is well above that number. It is routinely the case, in all programs and services at TrustPoint Hospital, that the occupancy is 95-100%. This is reflected in our diversion data (Attachment B.II.B.I). The 59% occupancy rate listed for Medical Psychiatry/Detox does not reflect poor performance by the service line. Rather, it reflects the intense pressure for adult psychiatry beds. Specifically, please note the average daily census (40) and occupancy rate (91%) for adult psychiatry in first quarter 2016. As a function of throughput, this extraordinary occupancy rate cannot actually be achieved unless there are more adult patients in-house routinely than can be accommodated in the existing bed envelope for that service. TrustPoint Hospital receives many adult and geriatric psychiatry patients who are medically fragile and would otherwise be denied access to care by more traditional free-standing psychiatric hospitals, including MTMHI. However, the degree of medical compromise is not always sufficient to authorize payment from insurance carriers under a primary medical diagnosis. At TrustPoint Hospital, we believe strongly that these medically fragile patients deserve care that is comprehensive with respect to their medical and psychiatric complaints. To care for these patients who otherwise would fall through the cracks, they are admitted as medical boarders to the medical psychiatry/detox program to ensure they receive care that is tailored to their specific clinical needs. However, for census tracking purposes, those admissions are categorized as adult or geriatric psychiatry admissions versus medical admissions. At any given time, 3-4 medical beds are utilized by this population. This fact reflects that the actual occupancy rate for the medical psychiatry/detox unit is almost always greater than 90%. Again, the staggering diversion detail best tells this story. Under the new construction proposed in this application, Medical Psychiatry/Detox will be able to fulfill its 18 bed plan, alleviating the pressure for denials associated with the myriad reasons patients seek care for their psychiatric, medical psychiatric/detox, and physical medicine/rehabilitation needs.

On June 20, 2016 what was the census and licensed occupancy at TrustPoint Hospital for the following units: Medical Detox, Adult Psychiatric, Geriatric Psychiatric, and Rehabilitation?

Response: On June 20th, the census at TrustPoint Hospital was 91, or 91%. The unit breakdown follows:

	Census	Occupancy Rate
Medical Psychiatry/Detox:	10	100%
Adult Psychiatry	44	100%
Geriatric Psychiatry	26	93%
Physical Medicine/Rehab*	11	58%

* Physical Medicine/Rehabilitation was lower than its average on June 20, 2016. As always, that number has increased and on the day of this writing (June 23, 2016) the census is 15 or 79%, with 7 pending admissions.

Please project the hospital's overall inpatient utilization in the following table.

Year	Beds	Patient Days	ADC	% Occupancy
Year 1 (2019)	217	51,465	141	65%
Year 2 (2020)	217	56,575	155	71%

Please complete the following table:

TrustPoint Hospital Historical Inpatient Utilization

Licensed Beds 2015 (Beginning of Year)	2013 Patient days	2014 PDs	2015 PDs	2016 PDs (Jan-June) (Projected as of June 23, 2016)	2013-2015 % chng.	2013 % Occ.	2014 % Occ	2015 % Occ	2016 PDs (Jan-June) % Occ.
96	14,262	21,285	26,734	15,600	+88%	51%	68%	76%	85%

Please update the following charts for TrustPoint Hospital:

**TrustPoint Hospital Adult (18-64) Psychiatric Unit
Historical and Projected Utilization**

Variable	2013	2014	2015	% Change '13-'15	Year 1 2019 (Entire Hospital)	Year 2 2020 (Entire Hospital)
Adult Psych Licensed Beds (Beginning of Year)	20	25	31		111	111
Adult Psych. Admissions	704	1,268	1,506	+114%	3,148	3,513
Adult Psych. Pat. Days	4,042	7,751	10,871	+169%	25,185	28,105
Adult Psych ADC	11	21	30		69	77
Adult Psych % Lic. Occ.	56%	85%	96%		62%	69%

**TrustPoint Hospital Geriatric (65+) Psychiatric Unit
Historical and Projected Utilization**

Variable	2013	2014	2015	% Change '13-'15	Year 1 2019	Year 2 2020
Geriatric Psych. Lic. Beds (Beginning of Year)	20	25	28		36	36
Geriatric Psych. Admissions	474	606	639	+35%	758	758
Geriatric Psych. Pat. Days	5,912	7,490	8,560	+45%	9,855	9,855
Geriatric Psych. ADC	16	21	23		27	27
Geriatric Psych. % Lic. Occ.	81%	82%	84%		75%	75%

**TrustPoint Hospital's Rehabilitation Unit
Historical and Projected Utilization**

Variable	2013	2014	2015	% Change '13-'15	Year 1 2019 (Entire Hospital)	Year 2 2020 (Entire Hospital)
Rehabilitation Lic. Beds (Beginning of Year)	27	27	27		24	24
Rehabilitation Admissions	316	389	398	+26%	449	463
Rehabilitation Pat. Days	4,121	5,252	5,256	+28%	5,840	6,023
Rehabilitation ADC	11	14	14		16.0	16.5
Rehabilitation % Lic. Occ.	42%	53%	53%		67%	69%

**TrustPoint Hospital Medical Detox Unit
Historical and Projected Utilization**

Variable	2013	2014	2015	% Change '13-'15	Year 1 2019	Year 2 2020
Medical Lic. Beds (Beginning of Year)	9	9	10		18	18
Medical Admissions	31	193	412	+1,229%	876	986
Medical Pat. Days	187	792	2,047	+995%	4,380	4,928
Medical ADC	0.5	2	6		12.0	13.5
Medical % Lic. Occ.	6%	24%	56%		67%	75%

17. Section C, Economic Feasibility, Item 1

It is noted the Project Cost Chart has \$4,810,000 assigned for the acquisition of site. Is this the cost of the purchase of the 12 acre tract for the proposed addition?

Response: Yes

It is noted “renovation” is in parenthesis next to Construction Costs in the Project Costs Chart. Please clarify.

Response: This “Renovation” entry is an error. The \$40,988,716 represents the estimated cost to construct the new building. Please see Replacement Page 36.

18. Section C, Economic Feasibility, Item 2

It is noted a letter dated June 2, 2016 in Attachment C.EF.2 notes the project will be financed through a revolving line of credit. On page 37 the applicant notes the funding for the proposed project will be cash reserves. Please clarify.

Response: Acadia Healthcare Company, Inc. intends to fund this project from its revolving line of credit.

19. Section C, Economic Feasibility, Item 4 (Historical and Projected Data Charts)

What calendar years correspond with Year 1, Year 2, and Year 3 in the Projected Data Chart?

Response: Year 1 of the Projected Data Chart represents calendar 2019. Year 2 of the Projected Data Chart represents calendar 2020. Year 3 of the Projected Data Chart represents calendar 2021.

Revenue – Line B.4 - for both charts, other gross revenue is noted as Physician Billings. What accounts for the increase in this category from \$41,964 in 2013 of the Historical Data Chart to \$1,116,079 in Year 1 of the Projected Data Chart?

Response: The applicant bills professional fees for employed medical staff only. The hospital employed its first physician in late 2013 and since then the percentage of the medical staff that are employed has steadily grown. The applicant has assumed this trend will continue in the financial projections that are summarized on the Project Data Chart.

What are the total patient days for “Line A. Utilization/Occupancy Rate” for each year in both the Historical Data Chart and Projected Data Chart?

Response: The total inpatient days underlying the average daily inpatient census previously provided on Line A of the Historical Data Chart and Projected Data Chart are summarized below.

Historical Data Chart – Entire Hospital

Chart Column Heading	Calendar Year	Average Daily Inpatient Census	Total Inpatient Days
Yr 1	2013	39	14,262
Yr 2	2014	58	21,285
Yr 3	2015	73	26,734

Projected Data Chart – Addition Only - Including 32 Residential Treatment Beds

Chart Column Heading	Calendar Year	Average Daily Inpatient Census	Total Inpatient Days
Yr 1	2019	64	23,506
Yr 2	2020	79	28,704
Yr 3	2021	90	32,940

Please explain Item E. in the Historical Data Chart listed as “E.H.R. incentives/dietary”.

Response: Item E. of the Historical Data Chart primarily consists of revenues earned for implementing and meaningfully using a qualified Electronic Health Record (“E.H.R”) under the Medicare and Medicaid E.H.R. Incentive Program. Dietary revenues earned for food sold in the hospital cafeteria are also included in Item E. of the Historical Data Chart.

Please clarify why there is no designation in the Projected Data Chart for “E.H.R. incentives, but only dietary.

Response: The Electronic Health Record (“E.H.R”) incentive revenues that are included in the applicant’s historical financial results were temporary in nature and therefore not included in any forward projections.

What involves contract services and professional fees in “Item D.9 Other Expenses” in the Projected Data Chart on page 43?

Response: The Contract Services line of the Other Expense detail represents fees paid to vendors for non-physician services such as pharmacy, information technology, coding, medical transcription, transportation and laboratory services. The Professional Fees line represents fees paid to Medical Directors of the different service lines as well as legal and consulting expenses.

20. Section C, Economic Feasibility, Item 5

Your response is noted. Please complete the following table identifying the project's gross charge, average deduction from operating revenue, and average net charge per patient day. Please divide the total patient days in Year One of the Projected Data Chart into the total gross charges, deductions from operating revenue total, and total net charges to calculate the charges.

Response: Please note that the values inserted below include the impact of 32 residential treatment beds. The applicant has included a column for projection year 3 consistent with the Projected Data Chart.

	Year One	Year Two	Year Three
Average Gross Charge (Gross charges/total days)	1,536	1,514	1,499
Average Deduction (Total Deductions/total days)	854	840	815
Average net Charge Total Net Operating Revenue/total days)	683	674	685

21. Section C, Economic Feasibility, Item 9 and Section C, Need, Item 1. (Service Specific Criteria-Psychiatric Inpatient Services) C.5

Please complete the following table:

Response: Please note that the values inserted below include the impact of 32 residential treatment beds. The applicant has included a column for projection year 3 consistent with the Projected Data Chart.

Applicant's Projected Charity Care			
Projected Financial Performance	Year 1	Year 2	Year 3
Total Patient Days	23,506	28,704	32,940
Gross Revenue	36,112,279	43,457,943	49,386,690
Average Gross Revenue/PPD (per patient day)	1,536	1,514	1,499
Provision for Charity	227,475	273,692	311,173
Total Charity Care Patients	19	23	27

Please complete the following table for the payor mix in Year 1 is shown in the table below. Please use gross revenue amounts.

Response: Please note that the values inserted below include the impact of 32 residential treatment beds.

Payor Source, Year 1		
Payor Source	Gross Revenue	As a % of Total
Medicare (Including Medicare Advantage)	10,022,503	27%
TennCare/Medicaid	13,738,367	38%
Commercial	12,116,679	34%
Uncompensated	234,730	1%
Other	0	0%
Total Gross Revenue	36,112,279	100%

22. Section C, Economic Feasibility, Item 10

Please provide copies of Acadia Healthcare Company Inc.'s balance sheet and income statements from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable.

Response: Please see attached and current Form 10-K and Form 10-Q for Acadia Healthcare Company, Inc. These two documents are quite large and self-identified.

23. Section C, Contribution to Orderly Development, Item 3

Please complete the following table for the proposed Year One direct patient care staffing.

Position	Child and Adolescent Psychiatry	Adult Psychiatry	Geriatric Psychiatry	Physical Medicine	Total
Director	1	2	1	1	5
Nurse Mgr.	1	4	1	1	7
RN/LPN	6	20	10	8	44
Patient Care Tech	7	21	7	8	43
Physical Therapist	PRN	PRN	1	4	5 + PRN
Occupational Therapist	PRN	PRN	PRN	4	4 + PRN
Speech Therapist	PRN	PRN	PRN	2	2 + PRN
Other – Clerical	1	4	2	1	8
Total	16 + PRN	51 + PRN	22 + PRN	29	118 + PRN

* PRN means the services will be provided as needed. However, these populations tend to be low utilizers of the services listed.

It is noted the applicant will be providing outpatient, intensive outpatient, and partial hospitalization. Please list staffing of these programs by type and number, whether this staff will be shared with any other programs, especially inpatient programs, any age (adult, child/adolescent) or practice specialties. Also include physicians or advance practice nurses who will practice in these programs but will not specifically be on staff.

Response: TrustPoint Hospital proposes to develop a full continuum of care for the psychiatric patient population. Services will include the outpatient ClearPath Behavioral Health clinic as described in response to Supplemental Question 5. TrustPoint Hospital will expand its IOP program and develop a PHP program. The IOP program will be staffed by licensed social workers and counselors, supported by a psychiatrist and/or psychiatric nurse practitioner under the supervision of a psychiatrist. The social worker/counselor staff will be allocated at approximately one clinician per 10 patients. The psychiatrist and/or nurse practitioner will provide medical oversight to the program on a part time basis. All staff, including medical staff, will be employees of TrustPoint Hospital. The IOP program will expand to allow for different clinical tracks to more specifically meet the needs of patients (e.g., PTSD, Affective Disorders, Court Diversion, Military Specialty Services, Substance Use/Abuse Disorders, Survivors, etc.). IOP staff will not be shared with other programs, however, there is an expectation of close collaboration between programs to ensure patients are receiving care and transitions that best

meet their clinical, social, spiritual, and other needs. Physicians and nurse practitioners will likely have additional duties elsewhere in the hospital, depending upon the time commitment required to meet the needs of the IOP program.

Like the IOP program, the PHP program will be developed to care for individuals requiring more intensive care than can be provided in IOP. The program will operate five days each week for approximately 6 hours each day. Patients admitted to this program will meet both CMS and private insurance level of care criteria for participation in the program. Services will be provided to patients with all forms of insurance, private pay, and charity. This program is intended to be an alternative to inpatient, where appropriate, or a step down from inpatient. The primary focus of this program is patient safety, management of symptoms, and integration back to home and independent living. The program will meet all CMS regulations for this level of care. The PHP program will be developed to have multiple clinical tracks (e.g., Affective Disorders, Thought Disorders, Cognitive/Behavioral Disorders, Substance Use/Abuse Disorders, Pediatric Psychiatric Disorders, etc.). The program will be staffed by registered nurses, licensed social workers and counselors, patient care technicians, psychiatrist(s) and psychiatric nurse practitioner(s), and primary medicine physician and/or nurse practitioner. All staff, including medical staff, will be employees of TrustPoint Hospital. Registered nurses will be employed on an approximately 1:15 ratio. Patient care technicians will be employed on an approximately 1:10 ratio, licensed social workers and counselors will be employed on an approximately 1:10 ratio, medical staff will be employed in sufficient numbers to meet the psychiatric and medical needs of the patients. PHP staff will not be shared with other programs, however, there is an expectation of close collaboration between programs to ensure patients are receiving care and transitions that best meet their clinical, social, spiritual, and other needs. Physicians and nurse practitioners will likely have additional duties elsewhere in the hospital, depending upon the time commitment required to meet the needs of the PHP program. A psychiatrist will provide the medical leadership for the PHP program.

24. Section C, Contribution to Orderly Development, Item 7

The documentation of Joint Commission Accreditation appears to be expired. Please submit current Joint Commission Accreditation documentation.

Response: Please see *Supplemental C.OD.7.c*, the current Joint Commission Accreditation certificate.

25. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

Response: Please see attached affidavit and tear page.

Utilization

2012		Psychiatric Beds								
Facility	Co	Youth	Geriatric	Other	Total	Pts Days	Occ. Rate	A&D	Pts. Days	Occ. Rate
Stones River	Cannon	0	22	0	22	2,545	31.7%	0	18	0.0%
Middle TN Mental Health Inst.	Davidson	0	0	195	195	60,614	85.2%	0	0	0.0%
Centennial*	Davidson	0	16	99	115	30,460	72.6%	17	1,998	32.2%
Skyline-Madison	Davidson	10	20	61	91	21,456	64.6%	19	3,876	55.9%
St. Thomas*	Davidson	0	0	15	15	3,656	66.8%	8	367	12.6%
Summit	Davidson	0	0	20	20	4,061	55.6%	0	224	0.0%
Vanderbilt	Davidson	0	0	60	60	27,138	123.9%	28	2,245	22.0%
Rolling Hills	Williamson	17	10	41	68	22,705	91.5%	12	0	0.0%
McFarland	Wilson	0	0	49	49	8,100	43.3%	0	47	0.0%

2013		Psychiatric Beds									
Facility	Co	Youth	Geriatric	Other	Total	Pts Days	Occ. Rate	A&D	Pts. Days	Occ. Rate	
Stones River	Cannon	0	22	0	22	1,613	20.1%	0	246	0.0%	
Middle TN Mental Health Inst.	Davidson	0	0	195	195	60,819	85.4%	0	0	0.0%	
Centennial*	Davidson	0	16	99	115	29,480	70.2%	17	2,595	41.8%	
Skyline-Madison	Davidson	16	20	58	94	25,841	75.3%	14	3,127	61.2%	
St. Thomas*	Davidson	0	0	15	15	3,465	63.3%	8	251	8.6%	
Summit	Davidson	0	0	20	20	2,481	34.0%	0	239	0.0%	
Vanderbilt	Davidson	0	0	60	60	26,208	119.7%	28	2,370	23.2%	
Rolling Hills	Williamson	x	x	x	x	x	x	x	x	x	
McFarland	Wilson	0	0	49	49	7,179	40.1%	0	0	0.0%	

2014		Psychiatric Beds									
Facility	Co	Youth	Geriatric	Other	Total	Pts Days	Occ. Rate	A&D	Pts. Days	Occ. Rate	
Stones River	Cannon	0	22	0	22	1,514	18.9%	0	515	0.0%	
Middle TN Mental Health Inst.	Davidson	0	0	207	207	64,670	85.6%	0	0	0.0%	
Centennial*	Davidson	0	18	112	130	31,227	65.8%	2	3,661	501.5%	
Skyline-Madison	Davidson	21	20	61	102	25,679	69.0%	19	3,548	51.2%	
St. Thomas*	Davidson	0	0	23	23	2,768	33.0%	0	404	0.0%	
Summit*	Davidson	0	0	0	0	74	0.0%	0	185	0.0%	
Vanderbilt*	Davidson	0	0	88	88	25,019	77.9%	0	3,788	0.0%	
Rolling Hills	Williamson	18	0	58	76	21,207	76.4%	9	3,459	105.3%	
McFarland*	Wilson	0	0	0	0	107	0.0%	0	56	0.0%	

* Best Guess, Based on JAR Inaccuracies. For example, how could Vanderbilt have no A&D beds, yet provide 3,788 A&D patient days of care?
 x NO JAR

Rehab Inpatient Utilization

Facility	2012				2013				2014			
	OT	P/T	S/T	Other	O/T	P/T	S/T	Other	O/T	P/T	S/T	other
Stones River	30	290	15	0	0	1,587	221	0	0	0	0	0
Middle TN Mental Health Institute	52	0	0	84	60	0	0	92	60	0	0	92
Centennial*	3,622	5,382	2,227	0	4,530	6,921	2,226	0	5,852	7,864	2,844	0
Skyline-Madison	155	223	75	3,660	0	268	52	3,414	0	347	144	3,567
St. Thomas*	3,315	7,455	1,401	0	3,130	7,597	1,418	0	1,156	5,347	874	0
Summit	1,806	2,438	621	0	2,155	683	2,738	0	2,364	2,803	740	0
Vanderbilt	8,950	11,140	3941	0	9,555	11,639	4,093	0	1,506	1,506	1,506	4,518
Rolling Hills	0	0	0	0	0	0	0	0	0	0	0	0
McFarland	0	0	0	0	0	195	0	0	0	167	0	0

Note: The JARs are suspicious. For example, Vanderbilt reported exactly 1,506 procedures for each of six different types of services under rehab inpatient utilization... meaning the exact same number of occupational therapies were provided as were physical therapy procedures as were speech therapy procedures, etc.

COMPREHENSIVE INPATIENT REHABILITATION SERVICES

1. The need for comprehensive inpatient rehabilitation beds shall be determined by applying the guideline of ten beds per 100,000 population in the service area of the proposal.

Response: Based on population estimates for the service area of Bedford and Rutherford Counties for 2016 and 2020, the need for inpatient rehabilitation beds is estimated to be 37 beds in 2016 and 42 beds in 2020.

2. The need shall be based upon the current year's population and projected four years forward.

Response: Based on population estimates for the service area of Bedford and Rutherford Counties for 2016 and 2020, the need for inpatient rehabilitation beds is estimated to be 37 beds in 2016 and 42 beds in 2020.

3. Applicants shall use a geographic service area appropriate to inpatient rehabilitation services.

Response: The service area of Bedford and Rutherford Counties is appropriate for inpatient rehabilitation services.

4. Inpatient rehabilitation units in acute care hospitals shall have a minimum size of 8 beds.

Response: Trustpoint Hospital is currently approved for 19 inpatient rehabilitation beds, and if the instant CON application is approved, this number will increase to 24 beds.

5. Freestanding rehabilitation hospitals shall have a minimum size of 50 beds.

Response: Trustpoint Hospital is currently approved for 19 inpatient rehabilitation beds, and if the instant CON application is approved, this number will increase to 24 beds.

6. Additional inpatient rehabilitation beds, units, or freestanding hospitals should not be approved by the HFC (sic) unless all existing units or facilities are utilized at the following levels:

20-30 bed unit	~	75%
31-50 bed unit/facility	~	80%
51 bed plus unit/facility	~	85%

Response: Our current inpatient rehabilitation beds are operating at 84% occupancy (please see *Attachment B.II.C.6*).

June 27, 2016

9:26 am

7. The applicant must document the availability of adequate professional staff, as per licensing requirements, to deliver all designated services in the proposal. It is preferred that the medical director of a rehabilitation hospital be a board certified physiatrist.

Response: The Applicant has had no problems in staffing its current 19 bed unit, and foresees no difficulty in staffing 5 additional beds. As noted on the staffing chart, much of the inpatient rehabilitation staffing will be on a PRN basis.

June 27, 2016**9:26 am**Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-35331

ACADIA HEALTHCARE COMPANY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

45-2492228
(I.R.S. Employer
Identification No.)

6100 Tower Circle, Suite 1000
Franklin, Tennessee 37067
(Address, including zip code, of registrant's principal executive offices)

(615) 861-6000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class
Common Stock, \$.01 par value

Name of exchange on which registered
NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Consolidated Balance Sheets

	December 31,	
	2015	2014
	(In thousands, except share and per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,215	\$ 94,040
Accounts receivable, net of allowance for doubtful accounts of \$29,332 and \$22,449, respectively	216,626	118,378
Deferred tax assets	—	20,155
Other current assets	66,895	41,570
Total current assets	294,736	274,143
Property and equipment:		
Land	214,138	132,406
Building and improvements	1,277,800	858,055
Equipment	141,543	73,584
Construction in progress	195,042	66,268
Less accumulated depreciation	(119,470)	(60,613)
Property and equipment, net	1,709,053	1,069,700
Goodwill	2,128,215	802,986
Intangible assets, net	59,575	21,636
Deferred tax assets – noncurrent	49,114	13,141
Other assets	38,515	25,349
Total assets	\$ 4,279,208	\$ 2,206,955
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 45,360	\$ 26,965
Accounts payable	91,341	48,696
Accrued salaries and benefits	80,696	59,317
Other accrued liabilities	72,806	30,956
Total current liabilities	290,203	165,934
Long-term debt	2,195,384	1,052,670
Deferred tax liabilities – noncurrent	23,936	63,880
Other liabilities	78,602	43,506
Total liabilities	2,588,125	1,325,990
Redeemable noncontrolling interests	8,055	—
Equity:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, no shares issued	—	—
Common stock, \$0.01 par value; 90,000,000 shares authorized; 70,745,746 and 59,211,859 issued and outstanding as of December 31, 2015 and 2014, respectively	707	592
Additional paid-in capital	1,572,972	847,301
Accumulated other comprehensive loss	(104,647)	(68,370)
Retained earnings	213,996	101,442
Total equity	1,683,028	880,965
Total liabilities and equity	\$ 4,279,208	\$ 2,206,955

See accompanying notes.

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Consolidated Statements of Income

	Year Ended December 31,		
	2015	2014	2013
	(In thousands, except per share amounts)		
Revenue before provision for doubtful accounts	\$1,829,619	\$1,030,784	\$ 735,109
Provision for doubtful accounts	(35,127)	(26,183)	(21,701)
Revenue	1,794,492	1,004,601	713,408
Salaries, wages and benefits (including equity-based compensation expense of \$20,472, \$10,058 and \$5,249, respectively)	973,732	575,412	407,962
Professional fees	116,463	52,482	37,171
Supplies	80,663	48,422	37,569
Rents and leases	32,528	12,201	10,049
Other operating expenses	206,746	110,654	80,572
Depreciation and amortization	63,550	32,667	17,090
Interest expense, net	106,742	48,221	37,250
Debt extinguishment costs	10,818	—	9,350
Loss (gain) on foreign currency derivatives	1,926	(15,262)	—
Transaction-related expenses	36,571	13,650	7,150
Total expenses	1,629,739	878,447	644,163
Income from continuing operations before income taxes	164,753	126,154	69,245
Provision for income taxes	53,388	42,922	25,975
Income from continuing operations	111,365	83,232	43,270
Income (loss) from discontinued operations, net of income taxes	111	(192)	(691)
Net income	111,476	83,040	42,579
Net loss attributable to noncontrolling interests	1,078	—	—
Net income attributable to Acadia Healthcare Company, Inc.	\$ 112,554	\$ 83,040	\$ 42,579
Basic earnings attributable to Acadia Healthcare Company, Inc. stockholders:			
Income from continuing operations	\$ 1.65	\$ 1.51	\$ 0.87
Loss from discontinued operations	—	—	(0.02)
Net income	\$ 1.65	\$ 1.51	\$ 0.85
Diluted earnings attributable to Acadia Healthcare Company, Inc. stockholders:			
Income from continuing operations	\$ 1.64	\$ 1.50	\$ 0.86
Loss from discontinued operations	—	—	(0.01)
Net income	\$ 1.64	\$ 1.50	\$ 0.85
Weighted-average shares outstanding:			
Basic	68,085	55,063	50,004
Diluted	68,391	55,327	50,261

See accompanying notes.

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Net income	\$111,476	\$ 83,040	\$42,579
Other comprehensive loss:			
Foreign currency translation loss	(40,103)	(66,206)	—
Pension liability adjustment, net of tax of \$0.9 million, \$0.6 and \$0, respectively	3,826	(2,164)	—
Other comprehensive loss	(36,277)	(68,370)	—
Comprehensive loss	75,199	14,670	42,579
Comprehensive loss attributable to noncontrolling interests	1,078	—	—
Comprehensive (loss) income attributable to Acadia Healthcare Company, Inc.	\$ 76,277	\$ 14,670	\$42,579

See accompanying notes.

June 27, 2016**9:26 am**Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Balance Sheets
December 31, 2015
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Current assets:					
Cash and cash equivalents	\$ —	\$ 1,987	\$ 9,228	\$ —	\$ 11,215
Accounts receivable, net	—	187,546	29,080	—	216,626
Deferred tax assets	—	—	—	—	—
Other current assets	—	57,968	8,927	—	66,895
Total current assets	—	247,501	47,235	—	294,736
Property and equipment, net	—	805,439	903,614	—	1,709,053
Goodwill	—	1,835,339	292,876	—	2,128,215
Intangible assets, net	—	57,024	2,551	—	59,575
Deferred tax assets – noncurrent	3,946	40,587	4,581	—	49,114
Investment in subsidiaries	1,323,069	—	—	(1,323,069)	—
Other assets	427,270	32,947	2,322	(424,024)	38,515
Total assets	\$1,754,285	\$3,018,837	\$1,253,179	\$(1,747,093)	\$4,279,208
Current liabilities:					
Current portion of long-term debt	\$ 45,125	\$ —	\$ 235	\$ —	\$ 45,360
Accounts payable	—	75,015	16,326	—	91,341
Accrued salaries and benefits	—	66,249	14,447	—	80,696
Other accrued liabilities	26,132	10,886	35,788	—	72,806
Total current liabilities	71,257	152,150	66,796	—	290,203
Long-term debt	—	2,171,998	447,410	(424,024)	2,195,384
Deferred tax liabilities – noncurrent	—	—	23,936	—	23,936
Other liabilities	—	75,159	3,443	—	78,602
Total liabilities	71,257	2,399,307	541,585	—	2,588,125
Redeemable noncontrolling interests	—	—	8,055	—	8,055
Total equity	1,683,028	619,530	703,539	(1,323,069)	1,683,028
Total liabilities and equity	\$1,754,285	\$3,018,837	\$1,253,179	\$(1,747,093)	\$4,279,208

June 27, 2016**9:26 am**Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Balance Sheets
December 31, 2014
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Current assets:					
Cash and cash equivalents	\$ —	\$ 76,685	\$ 17,355	\$ —	\$ 94,040
Accounts receivable, net	—	100,797	17,581	—	118,378
Deferred tax assets	—	18,395	1,760	—	20,155
Other current assets	—	36,049	5,521	—	41,570
Total current assets	—	231,926	42,217	—	274,143
Property and equipment, net	—	451,943	617,757	—	1,069,700
Goodwill	—	596,611	206,375	—	802,986
Intangible assets, net	—	19,057	2,579	—	21,636
Deferred tax assets – noncurrent	4,563	—	14,244	(5,666)	13,141
Investment in subsidiaries	1,759,337	—	—	(1,759,337)	—
Other assets	186,073	18,727	2,323	(181,774)	25,349
Total assets	\$1,949,973	\$1,318,264	\$ 885,495	\$(1,946,777)	\$2,206,955
Current liabilities:					
Current portion of long-term debt	\$ 26,750	\$ —	\$ 215	\$ —	\$ 26,965
Accounts payable	—	39,486	9,210	—	48,696
Accrued salaries and benefits	—	47,597	11,720	—	59,317
Other accrued liabilities	13,647	7,688	9,621	—	30,956
Total current liabilities	40,397	94,771	30,766	—	165,934
Long-term debt	1,028,611	—	205,833	(181,774)	1,052,670
Deferred tax liabilities – noncurrent	—	21,027	48,519	(5,666)	63,880
Other liabilities	—	33,321	10,185	—	43,506
Total liabilities	1,069,008	149,119	295,303	(187,440)	1,325,990
Total equity	880,965	1,169,145	590,192	(1,759,337)	880,965
Total liabilities and equity	\$1,949,973	\$1,318,264	\$ 885,495	\$(1,946,777)	\$2,206,955

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Comprehensive Income
Year Ended December 31, 2015
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Revenue before provision for doubtful accounts	\$ —	\$1,415,016	\$ 414,603	\$ —	\$1,829,619
Provision for doubtful accounts	—	(32,614)	(2,513)	—	(35,127)
Revenue	—	1,382,402	412,090	—	1,794,492
Salaries, wages and benefits	20,472	726,215	227,045	—	973,732
Professional fees	—	83,422	33,041	—	116,463
Supplies	—	65,077	15,586	—	80,663
Rents and leases	—	29,094	3,434	—	32,528
Other operating expenses	—	170,018	36,728	—	206,746
Depreciation and amortization	—	41,768	21,782	—	63,550
Interest expense, net	68,533	17,476	20,733	—	106,742
Debt extinguishment costs	10,818	—	—	—	10,818
Loss on foreign currency derivatives	1,926	—	—	—	1,926
Transaction-related expenses	—	24,914	11,657	—	36,571
Total expenses	101,749	1,157,984	370,006	—	1,629,739
(Loss) income from continuing operations before income taxes	(101,749)	224,418	42,084	—	164,753
Equity in earnings of subsidiaries	176,178	—	—	(176,178)	—
(Benefit from) provision for income taxes	(37,047)	85,765	4,670	—	53,388
Income (loss) from continuing operations	111,476	138,653	37,414	(176,178)	111,365
Income from discontinued operations, net of income taxes	—	111	—	—	111
Net income (loss)	111,476	138,764	37,414	(176,178)	111,476
Net loss attributable to noncontrolling interests	—	—	1,078	—	1,078
Net income attributable to Acadia Healthcare Company, Inc.	\$ 111,476	\$ 138,764	\$ 38,492	\$ (176,178)	\$ 112,554
Other comprehensive income:					
Foreign currency translation gain	—	—	(40,103)	—	(40,103)
Pension liability adjustment, net	—	—	3,826	—	3,826
Other comprehensive income	—	—	(36,277)	—	(36,277)
Comprehensive income (loss)	\$ 111,476	\$ 138,764	\$ 2,215	\$ (176,178)	\$ 76,277

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Comprehensive Income
Year Ended December 31, 2014
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Revenue before provision for doubtful accounts	\$ —	\$ 826,465	\$ 204,319	\$ —	\$ 1,030,784
Provision for doubtful accounts	—	(23,866)	(2,317)	—	(26,183)
Revenue	—	802,599	202,002	—	1,004,601
Salaries, wages and benefits	10,058	459,297	106,057	—	575,412
Professional fees	—	38,632	13,850	—	52,482
Supplies	—	40,511	7,911	—	48,422
Rents and leases	—	10,136	2,065	—	12,201
Other operating expenses	—	83,835	26,819	—	110,654
Depreciation and amortization	—	22,990	9,677	—	32,667
Interest expense, net	27,199	6,207	14,815	—	48,221
Gain on foreign currency derivatives	(15,262)	—	—	—	(15,262)
Transaction-related expenses	—	12,367	1,283	—	13,650
Total expenses	21,995	673,975	182,477	—	878,447
(Loss) income from continuing operations before income taxes	(21,995)	128,624	19,525	—	126,154
Equity in earnings of subsidiaries	97,414	—	—	(97,414)	—
(Benefit from) provision for income taxes	(7,621)	44,608	5,935	—	42,922
Income (loss) from continuing operations	83,040	84,016	13,590	(97,414)	83,232
Loss from discontinued operations, net of income taxes	—	(192)	—	—	(192)
Net income (loss)	\$ 83,040	\$ 83,824	\$ 13,590	\$ (97,414)	\$ 83,040
Other comprehensive loss:					
Foreign currency translation loss	—	—	(66,206)	—	(66,206)
Pension liability adjustment, net	—	—	(2,164)	—	(2,164)
Other comprehensive loss	—	—	(68,370)	—	(68,370)
Comprehensive income (loss)	\$ 83,040	\$ 83,824	\$ (54,780)	\$ (97,414)	\$ 14,670

June 27, 2016**9:26 am**Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Comprehensive Income
Year Ended December 31, 2013
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Revenue before provision for doubtful accounts	\$ —	\$ 700,407	\$ 34,702	\$ —	\$ 735,109
Provision for doubtful accounts	—	(20,700)	(1,001)	—	(21,701)
Revenue	—	679,707	33,701	—	713,408
Salaries, wages and benefits	5,249	388,749	13,964	—	407,962
Professional fees	—	34,149	3,022	—	37,171
Supplies	—	35,686	1,883	—	37,569
Rents and leases	—	9,282	767	—	10,049
Other operating expenses	—	72,626	7,946	—	80,572
Depreciation and amortization	—	15,882	1,208	—	17,090
Interest expense, net	35,327	22	1,901	—	37,250
Debt extinguishment costs	9,350	—	—	—	9,350
Transaction-related expenses	—	6,716	434	—	7,150
Total expenses	49,926	563,112	31,125	—	644,163
(Loss) income from continuing operations before income taxes	(49,926)	116,595	2,576	—	69,245
Equity in earnings of subsidiaries	73,538	—	—	(73,538)	—
(Benefit from) provision for income taxes	(18,967)	44,294	648	—	25,975
Income (loss) from continuing operations	42,579	72,301	1,928	(73,538)	43,270
Loss from discontinued operations, net of income taxes	—	(691)	—	—	(691)
Net income (loss)	\$ 42,579	\$ 71,610	\$ 1,928	\$ (73,538)	\$ 42,579
Comprehensive income (loss)	\$ 42,579	\$ 71,610	\$ 1,928	\$ (73,538)	\$ 42,579

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Cash Flows
Year Ended December 31, 2015
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Operating activities:					
Net income (loss)	\$ 111,476	\$ 138,764	\$ 37,414	\$ (176,178)	\$ 111,476
Adjustments to reconcile net income (loss) to net cash (used in) provided by continuing operating activities:					
Equity in earnings of subsidiaries	(176,178)	—	—	176,178	—
Depreciation and amortization	—	41,768	21,782	—	63,550
Amortization of debt issuance costs	7,147	—	(438)	—	6,709
Equity-based compensation expense	20,472	—	—	—	20,472
Deferred income tax (benefit) expense	617	42,246	750	—	43,613
Loss from discontinued operations, net of taxes	—	(111)	—	—	(111)
Debt extinguishment costs	10,818	—	—	—	10,818
Loss (gain) on foreign currency derivatives	1,926	—	—	—	1,926
Other	—	1,582	33	—	1,615
Change in operating assets and liabilities, net of effect of acquisitions:					
Accounts receivable, net	—	(18,632)	(6,322)	—	(24,954)
Other current assets	—	(1,152)	(1,565)	—	(2,717)
Other assets	(1,100)	(8,567)	546	1,100	(8,021)
Accounts payable and other accrued liabilities	—	(7,583)	14,451	—	6,868
Accrued salaries and benefits	—	312	1,346	—	1,658
Other liabilities	—	9,350	(114)	—	9,236
Net cash (used in) provided by continuing operating activities	(24,822)	197,977	67,883	1,100	242,138
Net cash provided by discontinued operating activities	—	(1,735)	—	—	(1,735)
Net cash (used in) provided by operating activities	(24,822)	196,242	67,883	1,100	240,403
Investing activities:					
Cash paid for acquisitions, net of cash acquired	—	(254,848)	(319,929)	—	(574,777)
Cash paid for capital expenditures	—	(172,329)	(103,718)	—	(276,047)
Cash paid for real estate acquisitions	—	(25,293)	(1,329)	—	(26,622)
Settlement of foreign currency derivatives	—	(1,926)	—	—	(1,926)
Other	—	(5,099)	—	—	(5,099)
Net cash used in investing activities	—	(459,495)	(424,976)	—	(884,471)
Financing activities:					
Borrowings on long-term debt	1,150,000	—	—	—	1,150,000
Borrowings on revolving credit facility	468,000	—	—	—	468,000
Principal payments on revolving credit facility	(310,000)	—	—	—	(310,000)
Principal payments on long-term debt	(31,965)	—	(1,315)	1,315	(31,965)
Repayment of assumed CRC debt	(904,467)	—	—	—	(904,467)
Repayments of senior notes	(97,500)	—	—	—	(97,500)
Payment of debt issuance costs	(26,421)	—	—	—	(26,421)
Payment of premium on senior notes	(7,480)	—	—	—	(7,480)
Issuance of Common Stock	—	331,308	—	—	331,308
Common stock withheld for minimum statutory taxes, net	(7,762)	—	—	—	(7,762)
Excess tax benefit from equity awards	309	—	—	—	309
Other	—	(420)	—	—	(420)
Cash provided by (used in) intercompany activity	(207,892)	(139,974)	350,281	(2,415)	—
Net cash provided by (used in) financing activities	24,822	190,914	348,966	(1,100)	563,602
Effect of exchange rate changes on cash	—	(2,359)	—	—	(2,359)
Net (decrease) increase in cash and cash equivalents	—	(74,698)	(8,217)	—	(82,825)
Cash and cash equivalents at beginning of the period	—	76,685	17,355	—	94,040
Cash and cash equivalents at end of the period	\$ —	\$ 1,987	\$ 9,228	\$ —	\$ 11,215

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Cash Flows
Year Ended December 31, 2014
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Operating activities:					
Net income (loss)	\$ 83,040	\$ 83,824	\$ 13,590	\$ (97,414)	\$ 83,040
Adjustments to reconcile net income (loss) to net cash (used in) provided by continuing operating activities:					
Equity in earnings of subsidiaries	(97,414)	—	—	97,414	—
Depreciation and amortization	—	22,990	9,677	—	32,667
Amortization of debt issuance costs	2,748	—	450	—	3,198
Equity-based compensation expense	10,058	—	—	—	10,058
Deferred income tax (benefit) expense	(1,969)	5,231	3,953	—	7,215
Loss from discontinued operations, net of taxes	—	192	—	—	192
Gain on foreign currency derivatives	(15,262)	—	—	—	(15,262)
Other	—	449	39	—	488
Change in operating assets and liabilities, net of effect of acquisitions:					
Accounts receivable, net	—	(13,636)	(1,474)	—	(15,110)
Other current assets	—	(2,205)	194	—	(2,011)
Other assets	(1,151)	(6,910)	397	1,151	(6,513)
Accounts payable and other accrued liabilities	—	(5,559)	8,352	—	2,793
Accrued salaries and benefits	—	11,035	945	—	11,980
Other liabilities	—	1,769	980	—	2,749
Net cash (used in) provided by continuing operating activities	(19,950)	97,180	37,103	1,151	115,484
Net cash used in discontinued operating activities	—	(198)	—	—	(198)
Net cash (used in) provided by operating activities	(19,950)	96,982	37,103	1,151	115,286
Investing activities:					
Cash paid for acquisitions, net of cash acquired	—	(723,064)	(15,638)	—	(738,702)
Cash paid for capital expenditures	—	(83,864)	(29,380)	—	(113,244)
Cash paid for real estate acquisitions	—	(23,177)	—	—	(23,177)
Settlement of foreign currency derivatives	15,262	—	—	—	15,262
Other	—	(913)	—	—	(913)
Net cash used in investing activities	15,262	(831,018)	(45,018)	—	(860,774)
Financing activities:					
Borrowings on long-term debt	542,500	—	—	—	542,500
Borrowings on revolving credit facility	230,500	—	—	—	230,500
Principal payments on revolving credit facility	(284,000)	—	—	—	(284,000)
Principal payments on long-term debt	(7,500)	—	(1,346)	1,151	(7,695)
Payment of debt issuance costs	(12,993)	—	—	—	(12,993)
Issuance of common stock, net	374,431	—	—	—	374,431
Common stock withheld for minimum statutory taxes, net	(4,099)	—	—	—	(4,099)
Excess tax benefit from equity awards	4,617	—	—	—	4,617
Cash paid for contingent consideration	—	(5,000)	—	—	(5,000)
Other	—	(289)	—	—	(289)
Cash (used in) provided by intercompany activity	(838,768)	816,010	23,135	(377)	—
Net cash provided by financing activities	4,688	810,721	21,789	774	837,972
Effect of exchange rate changes on cash	—	—	(3,013)	—	(3,013)
Net increase in cash and cash equivalents	—	76,685	10,861	1,925	89,471
Cash and cash equivalents at beginning of the period	—	—	6,494	(1,925)	4,569
Cash and cash equivalents at end of the period	\$ —	\$ 76,685	\$ 17,355	\$ —	\$ 94,040

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Cash Flows
Year Ended December 31, 2013
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Operating activities:					
Net income (loss)	\$ 42,579	\$ 71,610	\$ 1,928	\$ (73,538)	\$ 42,579
Adjustments to reconcile net income (loss) to net cash (used in) provided by continuing operating activities:					
Equity in earnings of subsidiaries	(73,538)	—	—	73,538	—
Depreciation and amortization	—	15,882	1,208	—	17,090
Amortization of debt issuance costs	2,725	—	(461)	—	2,264
Equity-based compensation expense	5,249	—	—	—	5,249
Deferred income tax expense	(754)	10,278	559	—	10,083
Loss from discontinued operations, net of taxes	—	691	—	—	691
Debt extinguishment costs	9,350	—	—	—	9,350
Other	—	21	—	—	21
Change in operating assets and liabilities, net of effect of acquisitions:					
Accounts receivable, net	—	(22,768)	1,526	—	(21,242)
Other current assets	—	(3,774)	122	—	(3,652)
Other assets	—	(1,950)	(289)	—	(2,239)
Accounts payable and other accrued liabilities	—	(287)	(561)	—	(848)
Accrued salaries and benefits	—	2,161	642	—	2,803
Other liabilities	—	3,181	—	—	3,181
Net cash (used in) provided by continuing operating activities	(14,389)	75,045	4,674	—	65,330
Net cash used in discontinued operating activities	—	232	—	—	232
Net cash (used in) provided by operating activities	(14,389)	75,277	4,674	—	65,562
Investing activities:					
Cash paid for acquisitions, net of cash acquired	—	(164,019)	—	—	(164,019)
Cash paid for capital expenditures	—	(68,497)	(444)	—	(68,941)
Cash paid for real estate acquisitions	—	(8,092)	—	—	(8,092)
Other	—	(1,926)	—	—	(1,926)
Net cash used in investing activities	—	(242,534)	(444)	—	(242,978)
Financing activities:					
Borrowings on long-term debt	150,000	—	—	—	150,000
Borrowings on revolving credit facility	61,500	—	—	—	61,500
Principal payments on revolving credit facility	(8,000)	—	—	—	(8,000)
Principal payments on long-term debt	(7,500)	—	(180)	—	(7,680)
Repayment of long-term debt	(52,500)	—	—	—	(52,500)
Payment of debt issuance costs	(4,307)	—	—	—	(4,307)
Payment of premium on note redemption	(6,759)	—	—	—	(6,759)
Issuance of common stock, net	(205)	—	—	—	(205)
Common stock withheld for minimum statutory taxes, net	(1,242)	—	—	—	(1,242)
Excess tax benefit from equity awards	1,779	—	—	—	1,779
Cash (used in) provided by intercompany activity	(118,377)	117,950	2,352	(1,925)	—
Net cash (used in) provided by financing activities	14,389	117,950	2,172	(1,925)	132,586
Net (decrease) increase in cash and cash equivalents	—	(49,307)	6,402	(1,925)	(44,830)
Cash and cash equivalents at beginning of the period	—	49,307	92	—	49,399
Cash and cash equivalents at end of the period	\$ —	\$ —	\$ 6,494	\$ (1,925)	\$ 4,569

June 27, 2016**9:26 am**Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2016

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-35331

ACADIA HEALTHCARE COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

45-2492228
(I.R.S. Employer
Identification No.)

**6100 Tower Circle, Suite 1000
Franklin, Tennessee 37067**
(Address, including zip code, of registrant's principal executive offices)

(615) 861-6000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

June 27, 2016

9:26 am

Table of Contents

**Acadia Healthcare Company, Inc.
Condensed Consolidated Statements of Income
(Unaudited)**

	Three Months Ended March 31,	
	2016	2015
	(In thousands, except per share amounts)	
Revenue before provision for doubtful accounts	\$ 627,183	\$ 374,158
Provision for doubtful accounts	(10,370)	(8,375)
Revenue	616,813	365,783
Salaries, wages and benefits (including equity-based compensation expense of \$6,956 and \$3,894, respectively)	341,028	205,871
Professional fees	39,991	22,427
Supplies	26,685	16,254
Rents and leases	14,806	5,886
Other operating expenses	70,247	40,527
Depreciation and amortization	27,975	13,104
Interest expense, net	37,714	22,146
Gain on foreign currency derivatives	(410)	(53)
Transaction-related expenses	26,298	18,416
Total expenses	584,334	344,578
Income from continuing operations before income taxes	32,479	21,205
Provision for income taxes	7,110	6,613
Income from continuing operations	25,369	14,592
Income from discontinued operations, net of income taxes	—	2
Net income	25,369	14,594
Net loss attributable to noncontrolling interests	319	—
Net income attributable to Acadia Healthcare Company, Inc.	\$ 25,688	\$ 14,594
Basic earnings attributable to Acadia Healthcare Company, Inc. stockholders:		
Income from continuing operations	\$ 0.31	\$ 0.23
Income from discontinued operations	—	—
Net income	\$ 0.31	\$ 0.23
Diluted earnings attributable to Acadia Healthcare Company, Inc. stockholders:		
Income from continuing operations	\$ 0.31	\$ 0.23
Income from discontinued operations	—	—
Net income	\$ 0.31	\$ 0.23
Weighted-average shares outstanding:		
Basic	82,943	62,530
Diluted	83,420	62,894

See accompanying notes.

June 27, 2016**9:26 am**Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)

	Three Months Ended	
	March 31,	
	2016	2015
	(In thousands)	
Net income	\$ 25,369	\$ 14,594
Other comprehensive loss:		
Foreign currency translation loss	(48,415)	(29,389)
Other comprehensive loss	(48,415)	(29,389)
Comprehensive loss	(23,046)	(14,795)
Comprehensive loss attributable to noncontrolling interests	319	—
Comprehensive loss attributable to Acadia Healthcare Company, Inc.	<u>\$(22,727)</u>	<u>\$(14,795)</u>

See accompanying notes.

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidated Statement of Equity
(Unaudited)
(In thousands)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balance at December 31, 2015	70,746	\$ 707	\$1,572,972	\$ (104,647)	\$213,996	\$1,683,028
Common stock issued under stock incentive plans	260	3	106	—	—	109
Common stock withheld for minimum statutory taxes	—	—	(6,787)	—	—	(6,787)
Equity-based compensation expense	—	—	6,956	—	—	6,956
Excess tax benefit from equity awards	—	—	—	—	—	—
Issuance of common stock, net	15,534	155	901,824	—	—	901,979
Other comprehensive loss	—	—	—	(48,415)	—	(48,415)
Other	—	—	312	—	—	312
Net income attributable to Acadia Healthcare Company, Inc.	—	—	—	—	25,688	25,688
Balance at March 31, 2016	86,540	\$ 865	\$2,475,383	\$ (153,062)	\$239,684	\$2,562,870

See accompanying notes.

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
	(In thousands)	
Operating activities:		
Net income	\$ 25,369	\$ 14,594
Adjustments to reconcile net income to net cash provided by continuing operating activities:		
Depreciation and amortization	27,975	13,104
Amortization of debt issuance costs	2,147	1,468
Equity-based compensation expense	6,956	3,894
Deferred income tax expense	9,085	19,224
Income from discontinued operations, net of taxes	—	(2)
Gain on foreign currency derivatives	(410)	(53)
Other	882	378
Change in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable, net	(3,749)	(6,957)
Other current assets	(8,075)	(23,758)
Other assets	(2,402)	(636)
Accounts payable and other accrued liabilities	7,498	1,274
Accrued salaries and benefits	(6,347)	(5,022)
Other liabilities	354	580
Net cash provided by continuing operating activities	59,283	18,088
Net cash (used in) provided by discontinued operating activities	(619)	134
Net cash provided by operating activities	58,664	18,222
Investing activities:		
Cash paid for acquisitions, net of cash acquired	(580,096)	(49,618)
Cash paid for capital expenditures	(90,089)	(52,879)
Cash paid for real estate acquisitions	(14,799)	(1,722)
Settlement of foreign currency derivatives	745	—
Other	(1,208)	(383)
Net cash used in investing activities	(685,447)	(104,602)
Financing activities:		
Borrowings on long-term debt	1,480,000	875,000
Borrowings on revolving credit facility	58,000	93,000
Principal payments revolving credit facility	(166,000)	—
Principal payments on long-term debt	(13,669)	(7,938)
Repayment of assumed debt	(1,348,389)	(904,467)
Payment of debt issuance costs	(34,167)	(22,191)
Issuance of common stock, net	685,097	—
Common stock withheld for minimum statutory taxes, net	(6,679)	(5,110)
Excess tax benefit from equity awards	—	4,310
Other	(224)	—
Net cash provided by financing activities	653,969	32,604
Effect of exchange rate changes on cash	(1,819)	(2,232)
Net increase (decrease) in cash and cash equivalents	25,367	(56,008)
Cash and cash equivalents at beginning of the period	11,215	94,040
Cash and cash equivalents at end of the period	\$ 36,582	\$ 38,032

(continued on next page)

Acadia Healthcare Company, Inc.
Condensed Consolidated Statements of Cash Flows (continued)

	Three Months Ended	
	March 31,	
	2016	2015
	(In thousands)	
Effect of acquisitions:		
Assets acquired, excluding cash	\$ 2,372,358	\$ 1,428,566
Liabilities assumed	(1,575,380)	(998,738)
Issuance of common stock in connection with acquisition	(216,882)	(380,210)
Cash paid for acquisitions, net of cash acquired	<u>\$ 580,096</u>	<u>\$ 49,618</u>

See accompanying notes.

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Balance Sheets
December 31, 2015
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Current assets:					
Cash and cash equivalents	\$ —	\$ 1,987	\$ 9,228	\$ —	\$ 11,215
Accounts receivable, net	—	187,546	29,080	—	216,626
Other current assets	—	57,968	8,927	—	66,895
Total current assets	—	247,501	47,235	—	294,736
Property and equipment, net	—	805,439	903,614	—	1,709,053
Goodwill	—	1,835,339	292,876	—	2,128,215
Intangible assets, net	—	57,024	2,551	—	59,575
Deferred tax assets – noncurrent	3,946	40,587	4,581	—	49,114
Investment in subsidiaries	3,495,067	—	—	(3,495,067)	—
Other assets	427,270	32,947	2,322	(424,024)	38,515
Total assets	<u>\$3,926,283</u>	<u>\$3,018,837</u>	<u>\$1,253,179</u>	<u>\$ (3,919,091)</u>	<u>\$4,279,208</u>
Current liabilities:					
Current portion of long-term debt	\$ 45,125	\$ —	\$ 235	\$ —	\$ 45,360
Accounts payable	—	75,015	16,326	—	91,341
Accrued salaries and benefits	—	66,249	14,447	—	80,696
Other accrued liabilities	26,132	10,886	35,788	—	72,806
Total current liabilities	71,257	152,150	66,796	—	290,203
Long-term debt	2,171,998	—	447,410	(424,024)	2,195,384
Deferred tax liabilities – noncurrent	—	—	23,936	—	23,936
Other liabilities	—	75,159	3,443	—	78,602
Total liabilities	<u>2,243,255</u>	<u>227,309</u>	<u>541,585</u>	<u>(424,024)</u>	<u>2,588,125</u>
Redeemable noncontrolling interests	—	—	8,055	—	8,055
Total equity	<u>1,683,028</u>	<u>2,791,528</u>	<u>703,539</u>	<u>(3,495,067)</u>	<u>1,683,028</u>
Total liabilities and equity	<u>\$3,926,283</u>	<u>\$3,018,837</u>	<u>\$1,253,179</u>	<u>\$ (3,919,091)</u>	<u>\$4,279,208</u>

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Comprehensive Income (Loss)
Three Months Ended March 31, 2016
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Revenue before provision for doubtful accounts	\$ —	\$ 402,934	\$ 224,249	\$ —	\$ 627,183
Provision for doubtful accounts	—	(9,342)	(1,028)	—	(10,370)
Revenue	—	393,592	223,221	—	616,813
Salaries, wages and benefits	6,956	211,033	123,039	—	341,028
Professional fees	—	22,677	17,314	—	39,991
Supplies	—	18,462	8,223	—	26,685
Rents and leases	—	8,577	6,229	—	14,806
Other operating expenses	—	48,849	21,398	—	70,247
Depreciation and amortization	—	12,751	15,224	—	27,975
Interest expense, net	13,433	16,093	8,188	—	37,714
Gain on foreign currency derivatives	(410)	—	—	—	(410)
Transaction-related expenses	—	21,435	4,863	—	26,298
Total expenses	19,979	359,877	204,478	—	584,334
(Loss) income from continuing operations before income taxes	(19,979)	33,715	18,743	—	32,479
Equity in earnings of subsidiaries	40,869	—	—	(40,869)	—
(Benefit from) provision for income taxes	(4,479)	7,407	4,182	—	7,110
Income (loss) from continuing operations	25,369	26,308	14,561	(40,869)	25,369
Income from discontinued operations, net of income taxes	—	—	—	—	—
Net income (loss)	25,369	26,308	14,561	(40,869)	25,369
Net loss attributable to noncontrolling interests	—	—	319	—	319
Net income (loss) attributable to Acadia Healthcare Company, Inc.	\$ 25,369	\$ 26,308	\$ 14,880	\$ (40,869)	\$ 25,688
Other comprehensive loss:					
Foreign currency translation loss	—	—	(48,415)	—	(48,415)
Other comprehensive loss	—	—	(48,415)	—	(48,415)
Comprehensive income (loss)	\$ 25,369	\$ 26,308	\$ (33,535)	\$ (40,869)	\$ (22,727)

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Comprehensive Income (Loss)
Three Months Ended March 31, 2015
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Revenue before provision for doubtful accounts	\$ —	\$ 287,765	\$ 86,393	\$ —	\$ 374,158
Provision for doubtful accounts	—	(7,419)	(956)	—	(8,375)
Revenue	—	280,346	85,437	—	365,783
Salaries, wages and benefits	3,894	155,699	46,278	—	205,871
Professional fees	—	16,485	5,942	—	22,427
Supplies	—	13,009	3,245	—	16,254
Rents and leases	—	5,117	769	—	5,886
Other operating expenses	—	25,115	15,412	—	40,527
Depreciation and amortization	—	8,711	4,393	—	13,104
Interest expense, net	12,948	5,721	3,477	—	22,146
Gain on foreign currency derivatives	(53)	—	—	—	(53)
Transaction-related expenses	—	18,416	—	—	18,416
Total expenses	16,789	248,273	79,516	—	344,578
(Loss) income from continuing operations before income taxes	(16,789)	32,073	5,921	—	21,205
Equity in earnings of subsidiaries	25,987	—	—	(25,987)	—
(Benefit from) provision for income taxes	(5,396)	10,497	1,512	—	6,613
Income (loss) from continuing operations	14,594	21,576	4,409	(25,987)	14,592
Income from discontinued operations, net of income taxes	—	2	—	—	2
Net income (loss)	\$ 14,594	\$ 21,578	\$ 4,409	\$ (25,987)	\$ 14,594
Other comprehensive loss:					
Foreign currency translation loss	—	—	(29,389)	—	(29,389)
Other comprehensive loss	—	—	(29,389)	—	(29,389)
Comprehensive income (loss)	\$ 14,594	\$ 21,578	\$ (24,980)	\$ (25,987)	\$ (14,795)

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2016
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Operating activities:					
Net income (loss)	\$ 25,369	\$ 26,308	\$ 14,561	\$ (40,869)	\$ 25,369
Adjustments to reconcile net income (loss) to net cash (used in) provided by continuing operating activities:					
Equity in earnings of subsidiaries	(40,869)	—	—	40,869	—
Depreciation and amortization	—	12,751	15,224	—	27,975
Amortization of debt issuance costs	2,254	—	(107)	—	2,147
Equity-based compensation expense	6,956	—	—	—	6,956
Deferred income tax (benefit) expense	—	8,846	239	—	9,085
Gain on foreign currency derivatives	(410)	—	—	—	(410)
Other	—	896	(14)	—	882
Change in operating assets and liabilities, net of effect of acquisitions:					
Accounts receivable, net	—	(13,560)	9,811	—	(3,749)
Other current assets	—	(3,596)	(4,479)	—	(8,075)
Other assets	—	(1,992)	(410)	—	(2,402)
Accounts payable and other accrued liabilities	—	7,564	(66)	—	7,498
Accrued salaries and benefits	—	6,388	(12,735)	—	(6,347)
Other liabilities	—	4,416	(4,062)	—	354
Net cash (used in) provided by continuing operating activities	(6,700)	48,021	17,962	—	59,283
Net cash used in discontinued operating activities	—	(619)	—	—	(619)
Net cash (used in) provided by operating activities	(6,700)	47,402	17,962	—	58,664
Investing activities:					
Cash paid for acquisitions, net of cash acquired	—	—	(580,096)	—	(580,096)
Cash paid for capital expenditures	—	(64,272)	(25,817)	—	(90,089)
Cash paid for real estate acquisitions	—	(2,998)	(11,801)	—	(14,799)
Settlement of foreign currency derivatives	—	745	—	—	745
Other	—	(1,208)	—	—	(1,208)
Net cash used in investing activities	—	(67,733)	(617,714)	—	(685,447)
Financing activities:					
Borrowings on long-term debt	1,480,000	—	—	—	1,480,000
Borrowings on revolving credit facility	58,000	—	—	—	58,000
Principal payments on revolving credit facility	(166,000)	—	—	—	(166,000)
Principal payments on long-term debt	(13,669)	—	—	—	(13,669)
Repayment of assumed debt	(1,348,389)	—	—	—	(1,348,389)
Payment of debt issuance costs	(34,167)	—	—	—	(34,167)
Issuance of common stock	685,097	—	—	—	685,097
Common stock withheld for minimum statutory taxes, net	(6,679)	—	—	—	(6,679)
Excess tax benefit from equity awards	—	—	—	—	—
Other	—	(224)	—	—	(224)
Cash (used in) provided by intercompany activity	(647,493)	35,637	611,856	—	—
Net cash provided by financing activities	6,700	35,413	611,856	—	653,969
Effect of exchange rate changes on cash	—	—	(1,819)	—	(1,819)
Net increase in cash and cash equivalents	—	15,082	10,285	—	25,367
Cash and cash equivalents at beginning of the period	—	1,987	9,228	—	11,215
Cash and cash equivalents at end of the period	\$ —	\$ 17,069	\$ 19,513	\$ —	\$ 36,582

June 27, 2016

9:26 am

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2015
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Operating activities:					
Net income (loss)	\$ 14,594	\$ 21,578	\$ 4,409	\$ (25,987)	\$ 14,594
Adjustments to reconcile net income (loss) to net cash (used in) provided by continuing operating activities:					
Equity in earnings of subsidiaries	(25,987)	—	—	25,987	—
Depreciation and amortization	—	8,711	4,393	—	13,104
Amortization of debt issuance costs	1,578	—	(110)	—	1,468
Equity-based compensation expense	3,894	—	—	—	3,894
Deferred income tax (benefit) expense	646	18,354	224	—	19,224
Loss from discontinued operations, net of taxes	—	(2)	—	—	(2)
Gain on foreign currency derivatives	(53)	—	—	—	(53)
Other	—	364	14	—	378
Change in operating assets and liabilities, net of effect of acquisitions:					
Accounts receivable, net	—	(8,265)	1,308	—	(6,957)
Other current assets	—	(24,182)	424	—	(23,758)
Other assets	—	(638)	2	—	(636)
Accounts payable and other accrued liabilities	—	6,645	(5,371)	—	1,274
Accrued salaries and benefits	—	(4,440)	(582)	—	(5,022)
Other liabilities	—	762	(182)	—	580
Net cash (used in) provided by continuing operating activities	(5,328)	18,887	4,529	—	18,088
Net cash provided by discontinued operating activities	—	134	—	—	134
Net cash (used in) provided by operating activities	(5,328)	19,021	4,529	—	18,222
Investing activities:					
Cash paid for acquisitions, net of cash acquired	—	(48,317)	(1,301)	—	(49,618)
Cash paid for capital expenditures	—	(41,426)	(11,453)	—	(52,879)
Cash paid for real estate acquisitions	—	(1,722)	—	—	(1,722)
Other	—	(383)	—	—	(383)
Net cash used in investing activities	—	(91,848)	(12,754)	—	(104,602)
Financing activities:					
Borrowings on long-term debt	875,000	—	—	—	875,000
Borrowings on revolving credit facility	93,000	—	—	—	93,000
Principal payments on long-term debt	(7,938)	—	—	—	(7,938)
Repayment of assumed debt	(904,467)	—	—	—	(904,467)
Payment of debt issuance costs	(22,191)	—	—	—	(22,191)
Common stock withheld for minimum statutory taxes, net	(5,110)	—	—	—	(5,110)
Excess tax benefit from equity awards	4,310	—	—	—	4,310
Cash (used in) provided by intercompany activity	(27,276)	10,964	16,312	—	—
Net cash provided by financing activities	5,328	10,964	16,312	—	32,604
Effect of exchange rate changes on cash	—	—	(2,232)	—	(2,232)
Net (decrease) increase in cash and cash equivalents	—	(61,863)	5,855	—	(56,008)
Cash and cash equivalents at beginning of the period	—	76,685	17,355	—	94,040
Cash and cash equivalents at end of the period	\$ —	\$ 14,822	\$ 23,210	\$ —	\$ 38,032

AFFIDAVIT OF PUBLICATION

June 27, 2016

9:26 am

0001345261

Newspaper Daily News Journal

State of Tennessee

Account Number NAS-60645765

Advertiser ANDERSON & BAKER (DNJ)

ANDERSON & BAKER (DNJ)
2021 RICHARD JONES RD STE 120
NASHVILLE, TN
37215

**TEAR SHEET
ATTACHED**

Jackie Cooper Sales Assistant for the above mentioned newspaper,
hereby certify that the attached advertisement appeared in said newspaper on the following dates:

↓
06/10/16

Jackie Cooper

Subscribed and sworn to before me this 10 day of June, 2016

Angela Murray
Notary Public



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The personal goods stored therein by the following may include, but are not limited to general household, furniture, boxes, clothes, and appliances.

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Unit: B0145 Jason Patterson Unit: P0033 Chauntaye Hambrick
Unit: D0021 Michael Williams Unit: S0008 James Griess
Unit: G0328 Clifton Johnson

Purchases must be made with cash only and paid at the time of sale. All goods are sold as is and must be removed at the time of purchase. Compass Self Storage reserves the right to refuse any bid. Sale is subject to adjournment.

0001345261

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Trustpoint Hospital, LLC, 1009 North Thompson Lane, Murfreesboro, TN 37129 ("Applicant"), a subsidiary of Acadia Healthcare Company Inc., 6100 Tower Circle, Suite 1000, Franklin, TN 37067, intends to file a Certificate of Need application for the addition of eighty-eight (88) hospital beds, as follows: Adult Psychiatric Beds will increase from fifty-nine (59) to one hundred eleven (111) beds; Geriatric Psychiatric Beds will remain at thirty-six (36) beds; Medical Deconvolution beds will remain at eighteen (18) beds; Physical Rehabilitation beds will increase from sixteen (16) beds to twenty-four (24) beds; Child Psychiatric Beds will increase from no beds to fourteen (14) beds; and Adolescent Psychiatric Beds will increase from no beds to fourteen (14) beds; with total beds at the Applicant increasing from one hundred twenty-nine (129) beds to two hundred seventeen (217) beds. An approximate 119,500 Gross Square Feet new building will be constructed, plus an approximate 4,500 Gross Square Feet covered connector to the existing facility, and an additional approximate 3,372 Gross Square Feet will be added to the existing facility. The requested beds will be licensed by the Tennessee Department of Health as hospital beds, as are the already-approved beds at the Applicant's hospital. In addition to these eighty-eight (88) hospital beds, there will be thirty-two (32) residential care beds constructed in the new building, half (16 beds) for adolescents and half (16 beds) for children. These thirty-two (32) residential beds are not subject to Certificate of Need review, and will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that the Applicant will continue to serve Medicare, Medicaid, commercially insured, and private-pay patients. The estimated project cost is anticipated to be approximately \$60,000,000, including filing fee.

The anticipated date of filing the application is: June 15, 2016.

The contact person for this project is E. Graham Baker, Jr., Attorney who may be reached at 2021 Richard Jones Road, Suite 120, Nashville, TN 37215, (615) 370-3380.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

0001338889

RETAIL LIQUOR LICENSE NOTICE

Take notice that Vishnu Enterprise, Inc has applied to the CITY OF MURFREESBORO for a certificate of compliance and has or will apply to the Tennessee Alcoholic Beverage Commission at Nashville for a retail liquor license for a store to be named Longhorn Liquor Store and to be located at 223 NW Broad St., Murfreesboro, TN 37130 and owned by the stockholders: Bhadrash Patel 917 Everyman Ct., Columbia, TN 38401 Kinnariben Patel 917 Everyman Ct., Columbia, TN 38401 Devendrabhai Patel 315 Sword Ln., Mt. Juliet, TN 37122 All persons wishing to be heard on the certificate of compliance may personally or through counsel appear or submit their views in writing at City of Murfreesboro, 111 W Vine Street, Murfreesboro, Tennessee 37130, on June 23, 2016 at 7:00 p.m. The Tennessee Alcoholic Beverage Commission will consider the application at a later date to be set by the Tennessee Alcoholic Beverage Commission in Nashville, Tennessee. Interested persons may personally or through counsel submit their views in writing by the hearing date to be scheduled by the TABC. (Rule 0100-03-.09, continued) Anyone with questions concerning this application or the laws relating to it may call or write the Alcoholic Beverage Commission at 500 James Robertson Pkwy, 3rd Floor, Nashville, Tennessee 37243, (615) 741-1602.

0001348220

Advertisement for Bids

Cannon County
200 West Main Street
Woodbury, TN 37190

Separate sealed Bids for the construction of (briefly describe nature, scope, and major elements of the Work)
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Supplemental #2 -COPY-

TrustPoint Hospital

CN1606-024

ANDERSON & BAKER

An Association of Attorneys

**2021 RICHARD JONES ROAD, SUITE 120
NASHVILLE, TENNESSEE 37215-2874**

June 29, 2016

10:14 am

ROBERT A. ANDERSON

Direct: 615-383-3332

Facsimile: 615-383-3480

E. GRAHAM BAKER, JR.

Direct: 615-370-3380

Facsimile: 615-221-0080

June 29, 2016

Phillip Earhart, HSD Examiner
Tennessee Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Supplemental Information #2: Certificate of Need Application CN1606-024
TrustPoint Hospital

Dear Phillip:

Enclosed are three (3) copies of responses to your second set of supplemental questions regarding the referenced Certificate of Need application. If you have any additional questions, please contact me.

Sincerely,


E. Graham Baker, Jr.

Enclosures as noted

June 29, 2016

10:14 am

AFFIDAVIT

STATE OF TENNESSEE
COUNTY OF DAVIDSON

NAME OF FACILITY: TrustPoint Hospital (CN1606-024)

I, E. Graham Baker, Jr., after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge, information and belief.

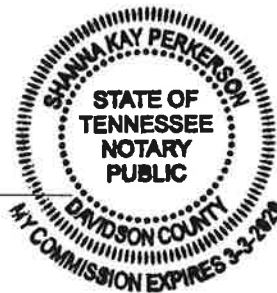


Signature/Title Attorney at Law

Sworn to and subscribed before me, a Notary Public, this 29th day of June, 2016; witness my hand at office in the County of Williamson, State of Tennessee.



NOTARY PUBLIC
My Commission expires: 3-3-20



1. Section C, Need, Item 1. (Service Specific Criteria-Acute Bed Services)

Since the applicant is licensed as an acute care hospital by the Tennessee Department of Health, please address all the service specific criteria for acute bed services for the addition of acute beds to the hospital's license.

Response: Please see *Supplemental Acute Care Bed Need Services*, and the accompanying acute care bed need chart supplied by the Tennessee Department of Health.

2. Section C, Need, Item 5

The following chart showing historical utilization of the primary and contiguous area is noted. However, please calculate the last column as % change in patient days 2012-2014 rather than the difference in percentage points.

2012-2014 Regional Area Acute Care Hospitals Inpatient Psychiatric Beds

Facility	County	2014 Licensed Beds	Patient Days			Licensed Occupancy			% Change in patient days 2012- 2014
			2012	2013	2014	2012	2013	2014	
Stones River	Cannon	22	5,225	2,787	1,514	65.1%	34.7%	18.9%	-71.0%
TN Christian (Skyline Madison)	Davidson	102	22,152	25,731	25,679	66.7%	75%	69.0%	+15.9%
St. Thomas	Davidson	23	5,761	5,094	2,768	65.8%	58.2%	33.0%	-52.0%
Vanderbilt	Davidson	88	28,201	27,459	25,019	88%	85.5%	77.9%	-11.3%
Centennial	Davidson	130	29,943	45,381	31,227	62.1%	94.2%	65.8%	+4.3%
Summit	Davidson	0	4,449	2,484	n/a	61%	34%	n/a	n/a
TrustPoint Hospital	Rutherford	87		9,937	15,199		54.4%	47.9%	n/a
Rolling Hills	Williamson	76	22,705	24,157	21,207	77.8%	82.7%	76.5%	-6.6%
UMC	Wilson	0	8,500	7,239	n/a	47.5%	40.5%	n/a	n/a
Area total w/o MTMHI		528	126,936	150,269	122,613	64.2%	76%	64.6%	+0.9%
MTMHI	Davidson	207	60,614	60,819	64,670	55.4%	55.5%	85.6%	+6.7%
Total		735	187,550	211,088	187,283	61%	68.7%	69.8%	+0.14%

Note: Some of the above data may be suspect, as some patient day utilization figures may be higher if mental health care was reported by the hospital as alcohol-related care on the JARs. Utilization figures on the above chart are taken from the mental health section of the JARS, only, and do not include alcohol-related patient days.

3. Section C, Economic Feasibility, Item 2

It is noted the project will be financed through a revolving line of credit. Please revise page 37 and submit a replacement page.

The funding letter from the Bank of America of the availability of \$57.3 of a \$300 million dollar revolving line of credit is noted. However, please submit a revised letter from the Bank of America that identifies the expected interest rate, term of the revolving line of credit, and any anticipated restrictions or conditions.

Response: Please see Replacement page 37 and *Supplemental C.EF.2*.

June 29, 2016**SUPPLEMENTAL ACUTE CARE BED NEED SERVICES****10:14 am****ACUTE CARE BED NEED SERVICES**

1. The following methodology should be used and the need for hospital beds should be projected four years into the future from the current year:

Using the latest utilization and patient origin data from the Joint Annual Reports of Hospitals and the most current population projection series from the Department of Health, perform the following:

Step 1

Determine the current Average Daily Census (ADC) in each county.

$$\text{ADC} = \frac{\text{Patient Days}}{365 \text{ (366 in leap year)}}$$

Step 2

To determine the service area population (SAP) in both the current and projected year:

- a. Begin with a list of all the hospital discharges in the state, separated by county, and showing the discharges both by the county where the patient actually lives (resident discharges), and the county in which the patient received medical treatment.
- b. For the county in which the hospital is (or would be) located (service county), determine which other counties have patients who are treated in your county (resident counties). Treat all of the discharges from another state as if that whole state were a single resident county. The total discharges of residents from another state should be calculated from state population estimates and the latest National Center for Health Statistics southeastern discharge rates.
- c. For each resident county, determine what percent of their total resident discharges are discharged from a hospital in your service county (if less than one percent, disregard).
- d. For each resident county, apply the percentage determined above to the county's population (both projected and current). Add together the

June 29, 2016**10:14 am**

resulting numbers for all the resident counties and add that sum to the projected and current population of your service county. This will give you the service area population (SAP).

Step 3

Determine projected Average Daily Census as:

$$\text{Projected ADC} = \text{Current ADC} \times \frac{\text{Patient SAP}}{\text{Current SAP}}$$

Step 4

Calculate Projected Bed Need for each county as:

$$\text{Projected Need} = \text{Projected ADC} + 2.33 \times \text{Projected ADC}$$

However, if projected occupancy:

$$\text{Projected Occupancy} \times \frac{\text{Patient ADC}}{\text{Projected Need}}$$

is greater than 80 percent, then calculate projected need:

$$\text{Projected Need} = \frac{\text{Projected ADC}}{.8}$$

Response: All of the recommended computations above have been performed by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, which published a report entitled "ACUTE-CARE BED NEED PROJECTIONS FOR 2016 AND 2020, BASED ON FINAL 2014 HOSPITAL JARS" on September 17, 2015. This three page report is attached to this supplemental response.

The chart below summarizes information for Bedford and Rutherford Counties:

June 29, 2016**10:14 am****Select Data for Bedford and Rutherford Counties**

	Bedford	Rutherford	Total
Inpatient Days	6,206	97,365	103,571
ADC	17	267	284
Current Need	27	334	361
Svc Area Pop 2014	14,819	253,489	268,308
Svc Area Pop 2016	15,321	267,465	282,786
Svc Area Pop 2020	16,326	295,916	312,242
Projected ADC 2016	18	282	300
Projected Need 2016	27	316	343
Projected ADC 2020	19	311	330
Projected Need 2020	29	389	418
Licensed Beds 2014	60	491	551
Staffed Beds 2014	52	490	542
Licensed Bed Shortage	-31	-102	-133
Staffed Beds Shortage	-23	-101	-124

Source: Data in chart above taken directly from "ACUTE-CARE BED NEED PROJECTIONS FOR 2016 AND 2020, BASED ON FINAL 2014 HOSPITAL JARS" (the "Report") published on September 17, 2015 by Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Sources for the Report are listed as follows:

"Hospital Data from Final JAR-Hospitals Schedules F and G.

"Underlying Tennessee population estimated and projections from University of Tennessee, Center for Business and Economic Research (2015 series).

"Projections and estimates for TN border states obtained from those respective states."

The data indicates that there is a surplus of 133 licensed beds in our service area (comparing Projected Need 2020 to Licensed Beds 2014).

2. New hospital beds can be approved in excess of the "need standard for a county" if the following criteria are met:
 - a) All existing hospitals in the projected service area have an occupancy level greater than or equal to 80 percent for the most recent Joint Annual Report. Occupancy should be based on the number of licensed beds that are staffed for two consecutive years.

June 29, 2016**10:14 am**

Response: Looking at just the 2014 JARs for all four hospitals in our service area, the average occupancy rate was 55.3%, meaning it is statistically impossible to have averaged 80% occupancy for the years of 2013 and 2014. The specific information is given below:

Bedford County:

Heritage Medical	60 Licensed Beds	6,220 Patient Days	28.4% Occupancy
------------------	------------------	--------------------	-----------------

Rutherford County:

St. Thomas Ruth.	286 Licensed Beds	64,026 Patient Days	61.3% Occupancy
------------------	-------------------	---------------------	-----------------

Tri-Star Stonecrest	109 Licensed Beds	19,793 Patient Days	49.7% Occupancy
---------------------	-------------------	---------------------	-----------------

TrustPoint Hosp.	96 Licensed Beds	21,095 Patient Days	60.2% Occupancy
------------------	------------------	---------------------	-----------------

Total	551 Licensed Beds	111,134 Patient Days	55.3% Occupancy
-------	-------------------	----------------------	-----------------

The Applicant states that, while Medical Detox services (considered med-surg services) are performed at Trustpoint and Trustpoint is licensed as a General Hospital, the fact is the Applicant is more of a specialty hospital with an emphasis on psychiatric and rehab care. In fact, all of the beds being requested in this application are for psychiatric and rehab care. No new general med-surg services and/or beds are being requested in this application.

- b) All outstanding CON projects for new acute care beds in the proposed service area are licensed.

Response: To the best knowledge of the Applicant, there are no outstanding acute care beds awaiting licensure at Heritage Medical Center, St. Thomas Rutherford Hospital, or Tri-Star Stonecrest Hospital. The Applicant has twenty-eight (28) unimplemented beds, which was fully discussed in the original filing and is reported on page 9 of the CON application.

- c) The Health Facilities Commission (sic) may give special consideration to acute care bed proposals for specialty health service units in tertiary care regional referral hospitals.

Response: The Applicant states that, while Medical Detox services (considered med-surg services) are performed at Trustpoint and Trustpoint is licensed as a General Hospital, the fact is the Applicant is more of a specialty hospital with an emphasis on psychiatric and rehab care. In fact, all of the beds being requested in this application are for psychiatric and rehab care. No new general med-surg services and/or beds are being requested in this application. Due to the number of patients denied care at Trustpoint Hospital, we believe the application should be approved in order for the Applicant to continue meeting the needs of the patients in our service area.

June 29, 2016

10:14 am

ACUTE-CARE BED NEED PROJECTIONS FOR 2016 AND 2020, BASED ON FINAL 2014 HOSPITAL JARS

COUNTY	2014		CURRENT NEED	SERVICE AREA POPULATION			PROJECTED		PROJECTED		2014 ACTUAL BEDS		SHORTAGE/SURPLUS	
	INPATIENT DAYS	ADC		2014	2016	2020	ADC-2016	NEED 2016	ADC-2020	NEED 2020	LICENSED	STAFFED	LICENSED	STAFFED
Anderson	47,552	130	163	93,508	94,653	96,709	132	165	135	168	301	210	-133	-42
Beford	6,206	17	27	14,819	15,321	16,326	18	27	19	29	60	52	-31	-23
Benton	1,811	5	10	2,189	2,196	2,205	5	10	5	10	25	25	-15	-15
Bledsoe	1,704	5	10	2,517	2,549	2,608	5	10	5	10	25	25	-15	-15
Blount	49,200	135	169	90,167	92,507	97,047	138	173	145	181	304	238	-123	-57
Bradley	35,287	97	121	75,061	76,490	79,228	99	123	102	128	351	186	-223	-58
Campbell	20,143	55	73	21,579	21,719	21,938	56	73	56	74	120	106	-46	-32
Cannon	4,764	13	22	3,927	3,980	4,075	13	22	14	22	60	50	-38	-28
Carroll	6,256	17	27	13,527	13,555	13,568	17	27	17	27	115	68	-88	-41
Carter	15,392	42	57	26,870	26,998	27,197	42	58	43	58	121	74	-63	-16
Cheatham	1,589	4	9	1,810	1,834	1,874	4	9	5	10	12	12	-2	-2
Chester														
Claiborne	6,477	18	28	14,976	15,204	15,606	18	28	18	28	85	33	-57	-5
Clay	4,019	11	19	4,658	4,678	4,706	11	19	11	19	36	34	-17	-15
Cocke	7,756	21	32	15,442	15,628	15,953	21	32	22	33	74	36	-41	-3
Coffee	26,614	73	93	49,449	50,349	52,077	74	94	77	97	214	158	-117	-61
Crockett														
Cumberland	24,052	66	85	44,292	45,587	48,048	68	87	71	91	189	122	-98	-31
Davidson	852,914	2,337	2,921	1,589,580	1,637,847	1,730,677	2,408	3,010	2,544	3,180	3,786	3,286	-606	-106
Decatur	2,700	7	14	4,301	4,333	4,395	7	14	8	14	40	27	-26	-13
DeKalb	3,354	9	16	6,567	6,671	6,866	9	16	10	17	71	56	-54	-39
Dickson	19,104	52	69	34,537	35,265	36,644	53	70	55	73	157	120	-84	-47
Dyer	13,013	36	50	30,964	31,244	31,770	36	50	37	51	225	115	-174	-64
Fayette	439	1	4	1,530	1,603	1,742	1	4	1	4	46	10	-42	-6
Fentress	7,283	20	30	10,882	11,053	11,360	20	31	21	32	85	75	-53	-43
Franklin	19,194	53	69	32,299	32,519	32,894	53	70	54	71	173	124	-102	-53
Gibson	2,537	7	13	4,054	4,093	4,167	7	13	7	13	209	86	-196	-73
Giles	0	0	0								95	81		
Granger														
Greene	24,777	68	87	48,368	49,158	50,611	69	88	71	91	240	173	-149	-82
Grundy														
Hamblen	37,221	102	128	71,124	72,190	74,166	104	129	106	133	302	196	-169	-63
Hamilton	390,829	1,071	1,339	717,133	731,825	760,534	1,093	1,366	1,136	1,420	1,596	1,225	-176	195
Hancock	1,202	3	8	1,650	1,659	1,673	3	8	3	8	10	10	-2	-2
Hardeman	671	2	5	1,492	1,492	1,492	2	5	2	5	15	15	-46	-10
Hardin	5,638	15	25	14,312	14,419	14,588	16	25	16	25	58	49	-33	-24
Hawkins	2,949	8	15	7,626	7,702	7,832	8	15	8	15	50	46	-35	-31
Haywood	140	0	2	313	311	306	0	2	0	2	62	36	-60	-34
Henderson	1,167	3	7	5,628	5,724	5,904	3	7	3	8	45	45	-37	-37
Henry	13,599	37	52	29,816	30,081	30,517	38	52	38	53	142	101	-89	-48
Hickman	1,443	4	9	1,688	1,723	1,789	4	9	4	9	25	25	-16	-16
Houston	2,475	7	13	3,638	3,696	3,812	7	13	7	13	25	25	-12	-12
Humphreys	1,283	4	8	2,587	2,605	2,633	4	8	4	8	25	25	-17	-17

June 29, 2016

10:14 am

ACUTE-CARE BED NEED PROJECTIONS FOR 2016 AND 2020, BASED ON FINAL 2014 HOSPITAL JARS

COUNTY	2014		CURRENT NEED	SERVICE AREA POPULATION			PROJECTED		PROJECTED		2014 ACTUAL BEDS		SHORTAGE/SURPLUS	
	INPATIENT DAYS	ADC		2014	2016	2020	ADC-2016	NEED 2016	ADC-2020	NEED 2020	LICENSED	STAFFED	LICENSED	STAFFED
Jackson	6,679	18	28	16,845	17,225	17,943	19	29	19	30	58	58	-28	-28
Jefferson	35	0	1								2	2		
Johnson	456,616	1,251	1,564	809,583	828,587	865,489	1,280	1,600	1,337	1,672	2,167	1,764	-495	-92
Knox														
Lake	987	3	7	2,416	2,439	2,484	3	7	3	7	25	25	-18	-18
Lauderdale	7,029	19	30	15,020	15,155	15,382	19	30	20	30	99	80	-69	-50
Lawrence														
Lewis	6,059	17	26	16,746	16,955	17,340	17	26	17	27	59	59	-32	-32
Lincoln	7,104	20	30	13,884	14,353	15,261	20	31	21	32	50	30	-18	2
Loudon	12,111	33	47	25,443	25,796	26,443	34	47	35	48	190	108	-142	-60
McMinn	2,621	7	13	7,703	7,791	7,944	7	14	7	14	45	45	-31	-31
McNairy	3,179	9	16	5,197	5,285	5,454	9	16	9	16	25	25	-9	-9
Macon	178,297	489	611	294,911	297,961	303,590	494	617	503	629	787	763	-158	-134
Madison	10,301	28	41	5,973	6,063	6,224	29	41	29	42	70	36	-28	6
Marion	489	1	4	1,693	1,735	1,816	1	4	1	4	25	12	-21	-8
Marshall	41,528	114	142	112,027	114,164	118,175	116	145	120	150	255	194	-105	-44
Mauri														
Meigs	9,561	26	38	18,126	18,535	19,303	27	39	28	40	59	59	-19	-19
Monroe	38,826	106	133	116,777	122,525	134,068	112	140	122	153	270	220	-117	-67
Montgomery														
Moore	10,742	29	42	21,344	21,374	21,387	29	42	29	42	173	85	-131	-43
Morgan	14,342	39	54	19,453	19,793	20,425	40	55	41	56	114	82	-58	-26
Obion	5,068	14	23	3,607	3,657	3,746	14	23	14	23	53	39	-30	-16
Overton														
Perry	0	0	0								25	25		
Pickett	57,845	159	198	109,792	112,514	117,517	162	203	170	212	247	243	-35	-31
Polk	3,513	10	17	7,913	8,067	8,360	10	17	10	18	25	25	-7	-7
Putnam	8,466	23	34	16,710	16,878	17,157	23	35	24	35	54	54	-19	-19
Rhea	13,729	38	52	25,097	25,927	27,557	39	53	41	56	109	66	-53	-10
Roane	97,365	267	334	253,489	267,465	295,916	282	352	311	389	491	490	-102	-101
Robertson	2,064	6	11	4,116	4,153	4,216	6	11	6	11	25	25	-14	-14
Rutherford														
Sevier	15,281	42	57	41,595	43,104	46,071	43	59	46	62	79	75	-17	-13
Sequatchie	925,327	2,535	3,169	1,470,768	1,490,331	1,528,353	2,569	3,211	2,634	3,293	4,177	3,147	-884	146
Shelby	6,272	17	27	8,328	8,463	8,722	17	27	18	28	25	25	3	3
Smith														
Stewart	203,866	559	698	381,048	386,007	395,496	566	707	580	725	1,056	796	-331	-71
Sullivan	56,236	154	193	124,677	128,714	136,567	159	199	169	211	303	254	-92	-43
Sumner	3,041	8	15	10,809	11,096	11,655	9	15	9	16	100	44	-84	-28
Tipton	2,126	6	11	2,731	2,784	2,889	6	12	6	12	25	12	-13	0
Trousdale	3,923	11	18	5,848	5,898	5,993	11	18	11	19	48	13	-29	6
Unicoi														

SUPPLEMENTAL #2**June 29, 2016****10:14 am****ACUTE-CARE BED NEED PROJECTIONS FOR 2016 AND 2020, BASED ON FINAL 2014 HOSPITAL JARS**

COUNTY	2014		CURRENT NEED	SERVICE AREA POPULATION			PROJECTED		PROJECTED		2014 ACTUAL BEDS		SHORTAGE/SURPLUS	
	INPATIENT DAYS	ADC		2014	2016	2020	ADC-2016	NEED 2016	ADC-2020	NEED 2020	LICENSED	STAFFED	LICENSED	STAFFED
Union														
Van Buren														
Warren	11,326	31	44	19,892	20,053	20,348	31	44	32	45	125	125	-80	-80
Washington	152,970	419	524	197,424	200,917	207,597	427	533	441	551	581	571	-30	-20
Wayne	1,732	5	10	4,807	4,843	4,902	5	10	5	10	80	32	-70	-22
Weakley	4,753	13	21	13,961	14,068	14,150	13	22	13	22	100	65	-78	-43
White	5,635	15	25	8,676	8,832	9,121	16	25	16	26	60	24	-34	2
Williamson	29,873	82	103	96,527	100,704	108,513	85	107	92	115	185	185	-70	-70
Wilson	30,281	83	104	48,096	49,783	53,045	86	108	92	114	245	245	-131	-131

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Sep 17, 2015

Hospital Data from Final JAR-Hospitals Schedules F and G.

Underlying Tennessee population estimates and projections from University of Tennessee, Center for Business and Economic Research (2015 series).
Projections and estimates for TN border states obtained from those respective states.

Supplemental #3 -COPY-

TrustPoint Hospital

CN1606-024

ANDERSON & BAKER

An Association of Attorneys

**2021 RICHARD JONES ROAD, SUITE 120
NASHVILLE, TENNESSEE 37215-2874**

June 29, 2016

3:20 pm

ROBERT A. ANDERSON

Direct: 615-383-3332

Facsimile: 615-383-3480

E. GRAHAM BAKER, JR.

Direct: 615-370-3380

Facsimile: 615-221-0080

June 29, 2016

Phillip Earhart, HSD Examiner
Tennessee Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Supplemental Information #3: Certificate of Need Application CN1606-024
TrustPoint Hospital

Dear Phillip:

Enclosed are three (3) copies of responses to your third set of supplemental questions regarding the referenced Certificate of Need application. If you have any additional questions, please contact me.

Sincerely,


E. Graham Baker, Jr.

Enclosures as noted

June 29, 2016

3:20 pm

AFFIDAVIT

STATE OF TENNESSEE
COUNTY OF DAVIDSON

NAME OF FACILITY: TrustPoint Hospital (CN1606-024)

I, E. Graham Baker, Jr., after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge, information and belief.



Signature/Title Attorney at Law

Sworn to and subscribed before me, a Notary Public, this 29th day of June, 2016; witness my hand at office in the County of Williamson, State of Tennessee.



NOTARY PUBLIC

My Commission expires: _____



1. Section C, Need, Item 5

There was a mistake on the chart submitted earlier today as Supplemental Response 2. Please replace it with the following chart.

2012-2014 Regional Area Acute Care Hospitals Inpatient Psychiatric Beds

Facility	County	2014 Licensed Beds	Patient Days			Licensed Occupancy			% Change in patient days 2012- 2014
			2012	2013	2014	2012	2013	2014	
Stones River	Cannon	22	5,225	2,787	1,514	65.1%	34.7%	18.9%	-71.0%
TN Christian (Skyline Madison)	Davidson	102	22,152	25,731	25,679	66.7%	75%	69.0%	+15.9%
St. Thomas	Davidson	23	5,761	5,094	2,768	65.8%	58.2%	33.0%	-52.0%
Vanderbilt	Davidson	88	28,201	27,459	25,019	88%	85.5%	77.9%	-11.3%
Centennial	Davidson	130	29,943	45,381	31,227	62.1%	94.2%	65.8%	+4.3%
Summit	Davidson	0	4,449	2,484	n/a	61%	34%	n/a	n/a
TrustPoint Hospital	Rutherford	87		9,937	15,199		54.4%	47.9%	n/a
Rolling Hills	Williamson	76	22,705	24,157	21,207	77.8%	82.7%	76.5%	-6.6%
UMC	Wilson	0	8,500	7,239	n/a	47.5%	40.5%	n/a	n/a
Area total w/o MTMHI		528	126,936	150,269	122,613	64.2%	76%	64.6%	-3.4%
MTMHI	Davidson	207	60,614	60,819	64,670	55.4%	55.5%	85.6%	+6.7%
Total		735	187,550	211,088	187,283	61%	68.7%	69.8%	-0.14%

Note: Some of the above data may be suspect, as some patient day utilization figures may be higher if mental health care was reported by the hospital as alcohol-related care on the JARs. Utilization figures on the above chart are taken from the mental health section of the JARS, only, and do not include alcohol-related patient days.



LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Daily News Journal which is a newspaper of general
(Name of Newspaper)

circulation in Rutherford County, Tennessee, on or before June 10, 2016 for one day.
(County) (Month / day) (Year)

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Trustpoint Hospital, LLC, 1009 North Thompson Lane, Murfreesboro, TN 37129 ("Applicant"), a subsidiary of Acadia Healthcare Company Inc., 6100 Tower Circle, Suite 1000, Franklin, TN 37067, intends to file a Certificate of Need application for the addition of eighty-eight (88) hospital beds, as follows: Adult Psychiatric Beds will increase from fifty-nine (59) to one hundred eleven (111) beds; Geriatric Psychiatric Beds will remain at thirty-six (36) beds; Medical Detoxification beds will remain at eighteen (18) beds; Physical Rehabilitation beds will increase from sixteen (16) beds to twenty-four (24) beds; Child Psychiatric Beds will increase from no beds to fourteen (14) beds; and Adolescent Psychiatric Beds will increase from no beds to fourteen (14) beds; with total beds at the Applicant increasing from one hundred twenty-nine (129) beds to two hundred seventeen (217) beds. An approximate 119,500 Gross Square Feet new building will be constructed, plus an approximate 4,500 Gross Square Feet covered connector to the existing facility, and an additional approximate 3,372 Gross Square Feet will be added to the existing facility. The requested beds will be licensed by the Tennessee Department of Health as hospital beds, as are the already-approved beds at the Applicant's hospital. In addition to these eighty-eight (88) hospital beds, there will be thirty-two (32) residential care beds constructed in the new building, half (16 beds) for adolescents and half (16 beds) for children. These thirty-two (32) residential beds are not subject to Certificate of Need review, and will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that the Applicant will continue to serve Medicare, Medicaid, commercially insured, and private-pay patients. The estimated project cost is anticipated to be approximately \$60,000,000, including filing fee.

The anticipated date of filing the application is: June 15, 2016.

The contact person for this project is E. Graham Baker, Jr. Attorney
(Contact Name) (Title)

who may be reached at: his office at 2021 Richard Jones Road, Suite 120
(Company Name) (Address)

Nashville TN 37215 615/370-3380
(City) (State) (Zip Code) (Area Code / Phone Number)

E. Graham Baker, Jr. 06/09/16 graham@grahambaker.net
(Signature) (Date) (E-mail Address)

=====

The Letter of Intent must be **filed in triplicate** and **received between the first and the tenth day** of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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* The project description must address the following factors:

1. General project description, including services to be provided or affected.
2. Location of facility: street address, and city/town.
3. Total number of beds affected, licensure proposed for such beds, and intended uses.
4. Major medical equipment involved.
5. Health services initiated or discontinued.
6. Estimated project costs.
7. For home health agencies, list all counties in proposed/licensed service area.

HF0051 (Revised 7/02 – all forms prior to this date are obsolete)



PUBLICATION OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

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NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Trustpoint Hospital, LLC, 1009 North Thompson Lane, Murfreesboro, TN 37129 ("Applicant"), a subsidiary of Acadia Healthcare Company Inc., 6100 Tower Circle, Suite 1000, Franklin, TN 37067, intends to file a Certificate of Need application for the addition of eighty-eight (88) hospital beds, as follows: Adult Psychiatric Beds will increase from fifty-nine (59) to one hundred eleven (111) beds; Geriatric Psychiatric Beds will remain at thirty-six (36) beds; Medical Detoxification beds will remain at eighteen (18) beds; Physical Rehabilitation beds will increase from sixteen (16) beds to twenty-four (24) beds; Child Psychiatric Beds will increase from no beds to fourteen (14) beds; and Adolescent Psychiatric Beds will increase from no beds to fourteen (14) beds; with total beds at the Applicant increasing from one hundred twenty-nine (129) beds to two hundred seventeen (217) beds. An approximate 119,500 Gross Square Feet new building will be constructed, plus an approximate 4,500 Gross Square Feet covered connector to the existing facility, and an additional approximate 3,372 Gross Square Feet will be added to the existing facility. The requested beds will be licensed by the Tennessee Department of Health as hospital beds, as are the already-approved beds at the Applicant's hospital. In addition to these eighty-eight (88) hospital beds, there will be thirty-two (32) residential care beds constructed in the new building, half (16 beds) for adolescents and half (16 beds) for children. These thirty-two (32) residential beds are not subject to Certificate of Need review, and will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that the Applicant will continue to serve Medicare, Medicaid, commercially insured, and private-pay patients. The estimated project cost is anticipated to be approximately \$60,000,000, including filing fee.

The anticipated date of filing the application is: June 15, 2016.

The contact person for this project is E. Graham Baker, Jr., Attorney who may be reached at 2021 Richard Jones Road, Suite 120, Nashville, TN 37215, 615/370-3380.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

**Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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* The project description must address the following factors:

1. General project description, including services to be provided or affected.
2. Location of facility: street address, and city/town.
3. Total number of beds affected, licensure proposed for such beds, and intended uses.
4. Major medical equipment involved.
5. Health services initiated or discontinued.
6. Estimated project costs.
7. For home health agencies, list all counties in proposed/licensed service area.

HF0050 (Revised 7/02 – all forms prior to this date are obsolete)

**RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.
- (3) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:

(Rule 0720-11-.01, continued)

- (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition;
 - (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers;
 - (d) The quality of the proposed project in relation to applicable governmental or professional standards.
- (4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (5) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 68-11-1605, and 68-11-1609. **Administrative History:** Original rule filed August 31, 2005; effective November 14, 2005.

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: July 29, 2016

APPLICANT: TrustPoint Hospital, LLC
1009 North Thompson Lane
Murfreesboro, Tennessee 37129

CN1606-024

CONTACT PERSON: Graham Baker
2021 Richard Jones Road, Suite 120
Nashville, Tennessee 37215

COST: \$57,320,105

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, TrustPoint Hospital, LLC, located at 6100 Tower Circle, Suite 1000, Franklin, Tennessee 37067 seek Certificate of Need (CON) approval for the addition of 88 hospital beds to be designated as follows: Adult Psychiatric Beds will increase from 59 to 111 beds; Geriatric Psychiatric Beds will remain at 36 beds; Medical Detoxification Beds will remain at 18 beds; Physical Rehabilitation Beds will increase from 16 beds to 24 beds; Child Psychiatric Beds will increase from 0 to 14 beds; and Adolescent Psychiatric Beds will increase from 0 beds to 14 beds; with total beds at the facility increasing from 129 beds to 217 beds.

An approximate 119,500 square foot new building will be constructed, plus an approximate 4,500 square foot covered connector to the existing facility, and an additional 3,372 square feet will be added to the existing facility. The requested beds will be licensed by the Tennessee Department of Health as hospital beds, as the already existing beds are in the hospital.

The applicant will also construct 32 residential care beds that are not subject to CON review and will be licensed by the Tennessee Department of Health and Substance Abuse Services. There is no major medical equipment involved in this project, and no other health services will be initiated or discontinued.

The total cost per square foot of the 127,372 square feet of new construction is \$321.81. This is in the third Quartile for new hospital construction as compiled by HSDA.

TrustPoint Hospital, LLC is 100% owned by FENX Healthcare; LLC. FENX Healthcare, LLC is 100% owned by Polaris Hospital Holdings, LLC. Acadia Healthcare Company, Inc. in turn, owns 100% of Polaris Holdings, LLC.

The total estimated project cost is \$57,320,105 and Acadia Healthcare Company, Inc. intends to fund the project from its revolving line of credit.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's designated service area consists of Bedford and Rutherford counties.

County	2016 Population	2020 Population	% of Increase/ (Decrease)
Bedford	50,005	53,334	6.7%
Rutherford	318,638	357,615	12.2%
Total	368,643	410,949	11.50%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

TrustPoint is the only provider of psychiatric services and physical medicine rehabilitation services in Rutherford and Bedford counties. The closest psychiatric beds are located in Cannon, Davidson, Williamson, and Wilson counties. Attachments B.I.A and B.I.B provide utilization for psychiatric and rehabilitation facilities in counties contiguous with the applicant's service area.

The applicant currently operates 72 psychiatric (44 adult and 28 geriatric) but is approved for 95 psychiatric beds (59 adult and 36 geriatric). The applicant was approved to increase to 129 total beds through CN1502-006A) but not all those beds are operational. The applicant states the remainders of those beds are to be operational by this summer.

The proposed adult psychiatry program will comprise 4 treatment units with a combined 111 beds providing mental health and substance abuse services for adults ages 18-64. The first unit will be 31 beds (the existing Adult psychiatry unit), specializing in care of adults with severe mental illness with disorders of mood, thought, and behavior requiring highly intensive care. The second treatment unit will be 28 beds (existing Geriatric Unit), specializing in the care of patients with severe mental illness with psychosis, thought disorders, developmental disorders, and danger to self or others. The third unit will be 28 beds specializing in the care of patients with serious mental illness, mood disorders, and under voluntary or involuntary status. The fourth treatment unit will be 24 beds specializing in the care of co-occurring disorders and specialty disorders. All four units will serve voluntary and involuntary patients.

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Adult Psychiatric Services (Age 18+) in Bedford and Rutherford County to be 92 beds. Currently, TrustPoint has 59 adult psychiatric beds. Subtracting the existing beds in the service area from the bed need yields a need for 33 adult beds. However, there is currently no separate category for geriatric beds. The 36 geriatric beds are by definition, also adult beds.

Adult 18+ Population Projections

County	2016 Population	2020 Population	% of Increase/ (Decrease)
Bedford	36,981	39,670	7.3%
Rutherford	236,732	266,940	12.8%
Total	273,713	306,610	9.8%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

The 36 approved geriatric beds are inclusive in the total area adult bed need of 92 beds. The 59 adult beds plus the 36 "geriatric" beds equal 95 beds. Subtracting the 36 geriatric beds from the total bed need result in a surplus of 3 beds.

The current geriatric psych program will be relocated to the new facility and remain at 36 beds pursuant to CN1502-006A.

Currently, there are no inpatient pediatric or adolescent psychiatric services in Bedford and Rutherford counties. The applicant proposes to build 14 child psychiatric beds and 14 adolescent beds, each on separate units.

Ages 0 to 12 Population Projections

County	2016 Population	2020 Population	% of Increase/ (Decrease)
Bedford	9,358	9,782	-3.0%
Rutherford	58,838	65,698	11.7%
Total	75,056	75,480	11.8%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Child Psychiatric Services (Age 0 to 12) in Bedford and Rutherford County to be 22.6 beds.

Ages 13 to 17 Population Projections

County	2016 Population	2020 Population	% of Increase/ (Decrease)
Bedford	3,666	3,882	5.9%
Rutherford	23,068	24,977	8.3%
Total	26,734	28,859	7.9%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Adolescent Psychiatric Services (Ages 13 to 17) in Bedford and Rutherford County to be 8.6 beds.

Currently, the applicant is approved to reduce their 19 bed rehabilitation unit to 16 beds. This application, if approved, will increase the rehab beds from 16 to 24 beds. The closest rehabilitation beds are in Cannon, Davidson, Williamson, and Wilson counties. Attachment B.I.A and B.I.B provide utilization for psychiatric and rehabilitation facilities in counties contiguous with the applicant's service area.

The proposed physical medicine/rehabilitation program will remain on the first floor of the existing facility and will occupy 24 beds. The program will relocate to the 17 room unit currently occupied by 10 bed medical psychiatry/detox and the 13 bed adult psychiatric unit. The current CON requests that the physical medicine/rehab beds be increase from 16 to 24 beds as a result of the proposed build that can support the additional beds. All rooms are single occupancy.

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Comprehensive Inpatient Rehabilitation beds in Bedford and Rutherford County to be 41 beds. Currently the applicant has 16 rehab beds. Subtracting the current 16 beds from the total bed need, results in a total need for 25 beds.

The 2014 TrustPoint utilization and occupancy is provided below.

2014 TrustPoint Hospital Licensed and Staffed Bed Occupancy

Facility	Licensed Beds	Staffed Beds	Licensed Occupancy	Staffed Occupancy
TrustPoint Hospital	96	96	60.2%	60.2%

Source: Joint Annual Report of Hospitals 2014, Division of Health Statistics, Tennessee Department of Health

The medical psychiatry/detox program will expand from 10 to 18 beds pursuant to CN1502-006A. The space currently occupied by physical medicine/detox will become the medical psychiatric/detox unit.

TrustPoint Hospital projects in year one with 217 beds, 51,465 patient days, an average daily

census of 141, and an occupancy of 65%. In year two, TrustPoint projects 56,575 patient days, an average daily census of 155, and an occupancy of 71%. Currently the applicant reports 91% occupancy.

TENNCARE/MEDICARE ACCESS:

TrustPoint participates in both the Medicare and TennCare/Medicaid programs.

The applicant projects gross Medicare revenues of \$10,022,503 or 27% of total gross revenues; and Medicaid/TennCare revenues of \$13,738,367 or 38% of total gross revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located in Supplemental 1. The total project cost is \$57,320,105.

Historical Data Chart: The Historical Data Chart is located on page 40, the applicant reported an average daily census of 39, 58, and 73 in years 2013, 2014, and 2015, with net operating revenues of (\$1,777,891), \$280,838, and \$849,545 each year, respectively.

Projected Data Chart: The Projected Data Chart is located on page 42; the applicant projects an average daily census of 64, 79, and 90, with net operating revenues of (\$1,700,245, (\$167,360, and \$1,224,488 each year, respectively.

The applicant provided their average gross, deduction, and net charges below.

	Year One	Year Two	Year Three
Average Gross Charge	\$1,536	\$1,514	\$1,499
Average Deduction	\$854	\$840	\$815
Average Net Charge	\$683	\$674	\$685

The applicant considered two alternatives: apply for a CON to increase bed capacity and service offerings; or doing nothing and fail to meet their commitment to serve the population of Bedford and Rutherford counties.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant has a transfer agreement with St. Thomas-Rutherford Hospital and a Mutual Memorandum of Understanding with Rolling Hills Hospital in Franklin.

The applicant believes this project will result in positive outcomes. There are no other providers of inpatient psychiatric care or physical medicine rehabilitation in the service area; therefore, no other providers will be negatively affected. Second, no other providers have applied to provide such care. And third, there will remain an unmet need for inpatient psychiatric care even with the approval of this project.

The applicant states the projects proposed services will initially be staffed by existing employees. Additional staff will be hired as census demand increases. The applicant provides the current and proposed staffing in Attachment C. OD.3.1 for all project services.

TrustPoint Hospital affiliates with the following colleges, universities, and programs for onsite clinical training and practicum to train health care professional: Belmont University, Eastern Tennessee State University, Middle Tennessee State University, Motlow College, Tennessee State University, and Volunteer State Community College.

QUALITY MONITORING:

TrustPoint Hospital is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities; and accredited by The Joint Commission.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

PSYCHIATRIC INPATIENT SERVICES

A. Need

1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general populations (using population estimates prepared by the Department of Health and applying the data in Joint Annual Reports).
2. For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Adult Psychiatric Services (Age18+) in Bedford and Rutherford County to be 92 beds. Currently, TrustPoint has 59 adult psychiatric beds. Subtracting the existing beds in the service area from the bed need yields a need for 33 adult beds. However, there is currently no separate category for geriatric beds. The 36 geriatric beds are by definition, also adult beds

Adult 18+ Population Projections

County	2016 Population	2020 Population	% of Increase/ (Decrease)
<i>Bedford</i>	<i>36,981</i>	<i>39,670</i>	<i>7.3%</i>
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Total	273,713	306,610	9.8%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

The 36 approved geriatric beds are inclusive in the total area adult bed need of 92 beds. The 59 adult beds plus the 36 "geriatric" beds equal 95 beds. Subtracting the 36 geriatric beds from the total bed need result in a surplus of 3 beds.

The current geriatric psych program will be relocated to the new facility and remain at 36 beds pursuant to CN1502-006A.

3. For child inpatient under age 13, and if adolescent program the age group of 13-17 should be used.

Currently, there are no inpatient pediatric or adolescent psychiatric services in Bedford and Rutherford counties. The applicant proposes to build 14 child psychiatric beds and 14 adolescent beds, each on separate units.

Ages 0 to 12 Population Projections

County	2016 Populati on	2020 Populatio n	% of Increase/ (Decrease)
<i>Bedford</i>	<i>9,358</i>	<i>9,732</i>	<i>-3.0%</i>
<i>Rutherford</i>	<i>58,838</i>	<i>65,698</i>	<i>11.7%</i>
Total	75,056	75,430	11.8%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

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Ages 13 to 17 Population Projections

County	2016 Population	2020 Population	% of Increase/ (Decrease)
<i>Bedford</i>	<i>3,666</i>	<i>3,882</i>	<i>5.9%</i>
<i>Rutherford</i>	<i>23,068</i>	<i>24,977</i>	<i>8.3%</i>
Total	26,734	28,859	7.9%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Adolescent Psychiatric Services (Ages 13 to 17) in Bedford and Rutherford County to be 8.6 beds.

4. These estimates for total need should be adjusted by the existent staffed beds operating in the area as counted by the Department of Health in the Joint Annual Report.

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Adult Psychiatric Services (Age18+) in Bedford and Rutherford County to be 92 beds. Currently, TrustPoint has 59 adult psychiatric beds. Subtracting the existing beds in the service area from the bed need yields a need for 33 adult beds. However, there is currently no separate category for geriatric beds. The 36 geriatric beds are by definition, also adult beds

There are no child or adolescent beds in the service area.

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Child Psychiatric Services (Age 0 to 12) in Bedford and Rutherford County to be 22.6 beds.

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Adolescent Psychiatric Services (Ages 13 to 17) in Bedford and Rutherford County to be 8.6 beds.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity or the Community Service Agency.

The applicant's designated service area consists of Bedford and Rutherford counties.

County	2016 Population	2020 Population	% of Increase/ (Decrease)
Bedford	50,005	53,334	6.7%
Rutherford	318,638	357,615	12.2%
Total	368,643	410,949	11.50%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

Prior to the establishment of this facility, many individuals and their families in the proposed service area do not have the economic means to travel more than an hour to receive services. Many individuals do not have access to transportation and must rely on family members. Many are geriatric or involuntary patients who have no transportation and must rely on public services to provide transportation.

Since opening, the applicant reports high occupancy rates and patients still have to travel outside the service area. This application provides 14 adolescent and 14 child psychiatric beds. There currently no such beds in the service area.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.

TrustPoint intends to provide a continuum of adult, child and adolescent psychiatric services and medical detox, and physical health rehabilitation close to the residents in Rutherford and Bedford counties as outlined in the State Health Plan.

2. The proposal's relationship to underserved geographic areas and underserved population groups as identified in state, city, county and/or regional plans and other documents should be a significant consideration.

Bedford County is a Medically Underserved Area (MUA) and one tract in Rutherford County. Additionally, both Rutherford and Bedford counties contain health care professional shortage areas.

3. The impact of the proposal on similar services supported by state appropriations should be assessed and considered.

There are no psychiatric health care providers supported by State appropriations in the applicant's service area.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

The applicant has and will continue to take involuntary patients.

5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

The applicant participates in the Medicare and TennCare/Medicaid programs. TrustPoint contracts with TennCare MCO's AmeriGroup, BlueCare, and United Healthcare Community Plan.

The applicant projects gross Medicare revenues of \$10,022,503 or 27% of total gross revenues; and Medicaid/TennCare revenues of \$13,738,367 or 38% of total gross revenues.

D. Relationship to Existing Similar Services in the Area

1. The area's trends in occupancy and utilization of similar services should be considered.

There are no similar services in the service area.

2. Accessibility to specific special need groups should be an important factor.

The applicant is in close proximity to major highways and local providers of inpatient medical care and is in reasonable travel time to all residents of the service area.

E. Feasibility

The ability of the applicant to meet Tennessee Department of Mental Health licensure requirements (related to personnel and staffing for psychiatric inpatient facilities) should be considered.

TrustPoint has been licensed and open since 2012, and no deficiencies have been notes by licensure.

COMPREHENSIVE INPATIENT REHABILITATION SERVICES

1. The need for comprehensive inpatient rehabilitation beds shall be determined by applying the guideline of ten beds per 100,000 populations in the service area of the proposal.

This above guideline was applied.

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for Comprehensive Inpatient Rehabilitation beds in Bedford and Rutherford County to be 41 beds. Currently the applicant has 16 rehab beds. Subtracting the current 16 beds from the total bed need, results in a total need for 25 beds.

2. The need shall be based upon the current year's population and projected four years forward.

The applicant's designated service are consists of Bedford and Rutherford counties.

County	2016 Population	2020 Population	% of Increase/ (Decrease)
Bedford	50,005	53,334	6.7%
Rutherford	318,638	357,615	12.2%
Total	368,643	410,949	11.50%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

3. Applicants shall use a geographic service area appropriate to inpatient rehabilitation services.

The applicant's designated service area consists of Bedford and Rutherford counties

4. Inpatient rehabilitation units in acute care hospitals shall have a minimum size of 8 beds.

The applicant proposes a 48-bed freestanding inpatient rehabilitation hospital.

5. Freestanding rehabilitation hospitals shall have a minimum size of 50 beds.

TrustPoint is approved for 16 inpatient rehabilitation beds. This application is to increase to 24 beds.

6. Additional inpatient rehabilitation beds, units, or freestanding hospitals should not be approved by the HFC unless all existing units or facilities are utilized at the following levels:

20-30 bed unit	~ 75%
31-50 bed unit/facility	~ 80%
51 bed plus unit/facility	~ 85%

TrustPoint states their inpatient rehabilitation beds are operating currently operating at 84% occupancy.

7. The applicant must document the availability of adequate professional staff, as per licensing requirements, to deliver all designated services in the proposal. It is preferred that the medical director of a rehabilitation hospital be a board certified psychiatrist.

The applicant currently staffs a 16 bed unit and foresees no difficulty in staffing 8 additional beds.

- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c).

Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original Site. The applicant should show that there is some significant legal, financial, or practical need to change the proposed new site.

Not applicable.

Economic Factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.

Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.

Not applicable.

ACUTE CARE BED NEED SERVICES

1. The following methodology should be used and the need for hospital beds should be projected four years into the future from the current year:

Using the latest utilization and patient origin data from the Joint Annual Report of Hospitals and the most current population projection series from the Department of Health, perform the following:

Step 1

Determine the current Average Daily Census (ADC) in each county.

$$\text{ADC} = \frac{\text{Patient Days}}{365 \text{ (366 in leap year)}}$$

Step 2

To determine the service area population (SAP) in both the current and projected year:

- a. Begin with a list of all the hospital discharges in the state, separated by county, and showing the discharges both by the county where the patient actually lives (resident discharges), and the county in which the patient received medical treatment.
- b. For the county in which the hospital is (or would be) located (service county), determine which other counties have patients who are treated in your county (resident counties). Treat all of the discharges from another state as if that whole state were a single resident county. The total discharges of residents from another state should be calculated from state population estimates and the latest National Center for Health Statistics southeastern discharge rates.
- c. For each resident county, determine what percent of their total resident discharges are discharged from a hospital in your service county (if less than one percent, disregard).
- d. For each resident county, apply the percentage determined above to the county's population (both projected and current). Add together the resulting numbers for all the resident counties and add that sum to the projected and current population of your service county. This will give you the service area population (SAP).

The Tennessee Department of Health, Division of Policy, Planning and Assessment calculated the bed need for acute care beds to be a surplus of 133 beds.

Step 3

Determine projected Average Daily Census as:

$$\text{Projected ADC} = \text{Current ADC} \times \frac{\text{Projected SAP}}{\text{Current SAP}}$$

Step 4

Calculate Projected Bed Need for each county as:

$$\text{Projected Need} = \text{Projected ADC} + 2.33 \times \sqrt{\text{Projected ADC}}$$

However, if projected occupancy:

$$100 \times \frac{\text{Projected ADC}}{\text{Projected Occupancy}}$$

is greater than 80 percent, then calculate projected need:

$$\text{Projected Need} = \frac{\text{Projected ADC}}{.8}$$

There is a surplus in the applicant's designated service area of 1,455 acute care beds. In addition, no hospital in the applicant's service area has 80% occupancy.

2. New hospital beds can be approved in excess of the "need standard for a county" if the following criteria are met:

- a) All existing hospitals in the projected service area have an occupancy level greater than or equal to 80 percent for the most recent Joint Annual Report. Occupancy should be based on the number of licensed beds that are staffed for two consecutive years.

No hospital in the applicant's service area has 80% occupancy.

- b) All outstanding CON projects for new acute care beds in the proposed service area are licensed.

The applicant has 28 beds yet to be implemented. No other hospital has unimplemented projects in the service area.

- c) The Health Facilities Commission may give special consideration to acute care bed proposals for specialty health service units in tertiary care regional referral hospitals.

The applicant stats that while Medical Detox services (considered med-surg services) are performed at TrustPoint and TrustPoint is a licensed general hospital, in fact more of a specialty hospital with an emphasis on psych and rehab care. In fact, all beds being requested in the application are for psych and rehab. No new med/surg beds are requested.

MEMORANDUM

TO: Melanie Hill, Executive Director
Health Services and Development Agency

CC: Trent Sansing, CON Director
Tennessee Department of Health

FROM: Marthagem Whitlock, Assistant Commissioner
Division of Planning, Research and Forensics
Tennessee Department of Mental Health
and Substance Abuse Services

DATE: August 29, 2016

RE: Certificate of Need Application
TrustPoint Hospital LLC
CN1606-024

The CON application, CN1606-024, is for the addition of 88 hospital beds to the existing 129 bed acute care TrustPoint Hospital resulting in a total of 217 beds. The 217 beds will increase the adult psychiatric beds from 59 to 111 beds; physical rehabilitation beds will increase from 16 to 24 beds; child psychiatric beds will increase from 0 to 14 beds and adolescent psychiatric beds will increase from 0 to 14 beds. The project includes the construction of a new building and renovation of existing facilities and includes establishment of a 32 bed residential care unit (16 child and 16 adolescent) that would be licensed by TDMHSAS and is not subject to CON review. The site is at 1009 North Thompson Lane, Murfreesboro, TN. Estimated project cost is \$57,320,105. If this CON is approved, the Applicant expects to initiate services in January, 2019.

The Tennessee Department of Health is and will continue to be the licensing agency for TrustPoint Hospital. As the licensing agency, the Department of Health will analyze the standards and criteria and issue the full report. The Department of Mental Health and Substance Abuse Services has reviewed the application to address the need for additional psychiatric beds, and the staffing and the layout of the related proposed units. Economic feasibility will not be addressed in this review.

Ownership

TrustPoint Hospital is owned by Acadia Healthcare Company. Acadia, according to their website, is a provider of inpatient behavioral healthcare services. Acadia operates 85 behavioral healthcare facilities with 17,100 beds in 39 states, the United Kingdom and Puerto Rico. It provides behavioral healthcare and addiction services in inpatient psychiatric hospitals, residential treatment center, and outpatient clinics, among other settings. Acadia operates 4 facilities and 381 beds in Tennessee: Volunteer Comprehensive Treatment (methadone) in Chattanooga; TrustPoint Hospital (mental health, substance abuse, detox for adults) in Murfreesboro; Village Behavioral Health (residential mental health and substance abuse for teens) in Louisville; and Delta (mental health, substance abuse and detox) in Memphis. Acadia is an experienced behavioral health care provider in all the psychiatric specialty areas proposed for this project. TrustPoint will be self-managed.

Service Area

The Applicant's proposed service area is Rutherford and Bedford Counties but the Applicant expects that 45% of their admissions will be from outside those counties. The Applicant notes that there regularly are admissions to TrustPoint from other counties: primarily Cannon, Coffee, Davidson, Williamson and Wilson. Consequently, this review will consider information from Rutherford and Bedford Counties labeled as the Primary Service Area and the other five counties listed above labeled as the Secondary Service Area.

A. NEED

Tennessee's Health Guidelines for Growth sets the population-based estimate for the total need for psychiatric inpatient services at 30 beds per 100,000 general population. These Guidelines do not further stratify those numbers for special populations or age groups. The application of the formula sometimes results in an underestimation of the number of inpatient psychiatric beds needed due to a number of factors: bed utilization, willingness of the provider to accept emergency involuntary admission, the extent to which the provider serves the TennCare population and/or the indigent population, the number of beds designated as "specialty" beds or beds designated for specific diagnostic categories. These factors impact the availability of beds for the general population as well as for specialty populations, depending on how the beds are distributed. Other influencing factors include the number of existing beds in the proposed service area, bed utilization and TDMHSAS' support for community services for people to increase family involvement, utilization of the person's community support system and access to aftercare.

For the analysis for this Application, the JAR's definition of staffed beds is used: the total number of adult and pediatric beds set up, staffed and in use at the end of the

reporting period. This number should be less-than or equal-to the number of licensed beds.

Outstanding CONs Impacting Supply in Service Area

TrustPoint Hospital (formerly operating as SeniorHealth of Rutherford, LLC) was approved for a CON (CN0610-089AE) as a 60 bed general hospital with 9 medical detox beds, 24 psychiatric beds (12 adult + 12 geriatric), and 27 rehab beds.

TrustPoint received approval for a CON (CN1502-006) to increase its bed total to 129 in 2015 (acute adult psychiatric bed increase of 18 beds from 31 to 59 beds; geriatric psychiatric increase of 8 beds from 28 to 36, medical detox added 8 to increase from 10 to 18 and physical rehab decreased from 27 to 16). When TrustPoint was purchased by Acadia in Spring, 2016, implementation of all the beds of that CON was delayed. TrustPoint currently reports 44 acute adult psychiatric, 28 geriatric psychiatric beds and 18 medical detox beds in service and 28 unimplemented beds.

Tennova's (McFarland) CON (CN1510-42) is also listed by HSDA as outstanding but the application is for relocation of the behavioral unit and does not alter the bed supply.

Who will be served?

TrustPoint expects to serve voluntary and involuntary patients, indigent individuals and those on TennCare, Medicare, and Tri-Care as well as private pay and those with commercial insurance. Trustpoint does expect that the percentage of Medicaid and self-pay and unfunded admissions will increase overall due to the relative growth in psychiatric services resulting from the proposed bed changes.

Population Based Need Assessment: Primary Service Area

The Applicant submitted several different population and bed supply estimates which varied because of dates and sources used for calculations. For this review's calculation, the UT Center for Business and Economic Research Data for 2015 was used for population data. That report indicated a total Primary Service Area population (Rutherford and Bedford Counties) of 368,643 in 2016 and 410,949 in 2020 (Chart 1). When the 30 beds per 100,000 population Health Guidelines for Growth formula is applied, it shows a need of 111 beds in 2016 and 123 beds in 2020. The 2014 JAR lists TrustPoint operating 59 beds with no other psychiatric beds listed in Rutherford and Bedford Counties (TrustPoint reports that it is currently operating 44 staffed acute adult psychiatric beds, 28 staffed geriatric psychiatric beds and 18 staffed medical detox beds for a total of 90 beds (Supplemental #3) for an undersupply of beds of 20.5. However, the Applicant has a previously approved CON for 28 beds that are unimplemented.

The supply of psychiatric beds in the Primary Service Area is limited to those currently offered by TrustPoint; concurrently, the area also lacks other providers that accept emergency involuntary psychiatric admissions. TrustPoint intends to serve both voluntary and involuntary patients, the TennCare and Medicare populations and/or the indigent population. It appears that there are not enough beds in the proposed Primary Service Area to meet the projected population need.

Population Based Need Assessment: Secondary Service Area

Since the Applicant expects approximately 45% of its admissions to come from surrounding counties, the following information was also calculated for those counties and labeled the Secondary Service Area. The Secondary Service Area population (Cannon, Coffee, Davidson, Williamson, Wilson) has a 2016 population of 1,095,776, a bed need of 329 and a bed supply 812, primarily located in Davidson County. The 2020 population for the Secondary Service Area is 1,160,852 and bed need is 348. Population data is reflected in Chart 1.

Chart 1: Service Area Population*		
Primary Area	2016	2020 (Projected)
Bedford	50,005	53,334
Rutherford	318,638	357,615
Total	368,643	410,949
Secondary Area		
Cannon	14,464	14,838
Coffee	55,932	57,865
Davidson	680,427	714,756
Williamson	215,859	234,832
Wilson	129,094	138,561
Total	1,095,776	1,160,852
Total Primary & Secondary	1,464,419	1,571,801

** 2015 Revised UTCBER Population Projection Services, UT Center for Business & Economic Research, Population Projection Data Files, Reassembled by TDOH*

Population Based Need Assessment by Age Group

Using the 30 beds per 100,000 population formula stratified according to age breakdown of 0-17, 18-64 and 65+, there is a **2016** need for 28 child/adolescent psychiatric beds (supply is 0), 71 adult psychiatric beds (supply is 59 from 2014 JAR or updated to 44 by TrustPoint in 2016)) and 12 geriatric psychiatric beds (from 2014 JAR, supply is 28 beds); TrustPoint reports 18 medical detox beds in the **Primary Service Area** of Rutherford and Bedford County, the only medical detox beds. Overall, there appears to be a current need for adult psychiatric beds, for child/adolescent beds and chemical dependency beds.

For the **Secondary Service Area in 2016**, 80 child/adolescent beds are needed (supply is 39), 208 adult beds (supply is 598 including 30 chemical dependency beds) and 41 geriatric psychiatric beds (supply is 60). For the Secondary Service Area, child and adolescent beds are currently needed. **See summary in Chart 2. Bed supply by facility, based on 2014 JAR, can be found in Chart 2A.**

Chart 2: Service Area Population Based Bed Need by Age Group			
<i>Primary Area (2016)*</i>			
Age Group	Population	Need (rounded)	2014 Supply
0-17	94,930	28	0
18-64	237,180	71	31 (current 44)
65+	39,533	12	28 (current 28)

<i>Primary Area (2020)*</i>		
Age Group	Population	Need (rounded)
0-17	104,339	31
18-64	257,461	77
65+	49,415	15

<i>Secondary Area (2016)**</i>			
Age Group	Population	Need (rounded)	2014 Supply
0-17	265,493	80	39
18-64	692,635	208	598 (includes 30 chem. dependency)
65+	137,703	41	60

<i>Secondary Area (2020)**</i>		
Age Group	Population	Need (rounded)
0-17	280,009	84
18-64	718,520	216
65+	162,323	49

Source: 2014 JAR and 2015 Revised UT Center for Business and Economic Research

****Rutherford and Bedford Counties***

***** Cannon, Coffee, Davidson, Williamson, Wilson***

Chart 2A: Bed Supply by Facility							
Facility	Staffed Beds			Occupancy Rate	SA beds	SA occupancy	Bed Totals
	Youth	Gero	Adult				
Stones River		22		18.9%	0	-	22
MTMHI			207	85.6%	0	-	207
Centennial		18	112	65.8%	2	51.5%	132
Skyline	21	20	61	69.0%	19	51.2%	121
St. Thomas			23	33.0%	0	-	23
Vanderbilt			88	77.9%	0	-	88
Rolling Hills	18		58	80%	9	105.3%	85
McFarland (Tennova)			49	33.1%	0	-	49
Trustpoint		28	31	NA	0	-	59
Total	39	88	629		30		786

Source: 2014 JAR; specific hospital report

Applying the Guidelines for Growth formula for the **2020** population projections, 31 beds would be needed for child/adolescents, 77 for adults and 15 for geriatric psychiatric for the **Primary Service Area**. For the **Secondary Service Area**, 84 child and adolescent beds, 216 adult beds and 49 geriatric psychiatric beds would be needed. See Chart 2. In general, according to the Applicant, projections derived from TDOH Population Projections, the Primary Service Area population is expected to grow by 11.5% (9.9% for 0-17 population; 12.1% for 18+ and 11.5% for 65+).

Other Need-related Information

For further determination of need, other factors were also considered. Utilization of existing resources, emergency involuntary admissions, incidences of drug poisoning and bed access.

Chart 3 indicates the number of admissions to area hospitals (with behavioral health services) of individuals who reside in the Applicant's Primary and Secondary Service Areas with 8,871 coming from Rutherford and Bedford Counties. (Data from all four state hospitals was used because referrals are diverted to another state hospital for admission when the receiving hospital has no bed availability). Note that Chart 3 reflects all admissions including those not identified as psychiatric unless to a psychiatric facility.

Chart 3: 2014 Total Admissions to Hospitals by County of Origin*							
	Bedford	Cannon	Coffee	Davidson	Rutherford	Williamson	Wilson
Stones River	17	382	31	34	71	1	14
Skyline Madison⁺	10	12	37	1,255	192	77	163
St. Thomas	189	63	433	5,872	662	1,182	649
Vanderbilt	824	183	785	15,946	3,118	3,067	1,536
Centennial	244	151	743	11,143	1,707	1,436	938
Rolling Hills⁺	NA	NA	NA	NA	NA	NA	NA
McFarland⁺	16	10	25	215	123	17	3,518
MTMHI⁺	11	29	22	1,631	322	98	132
Trustpoint	151	56	138	250	1,129	71	57
MBMHI⁺	65	4	103	24	15	0	4
WMHI⁺	1	1	0	33	4	5	0
Total	1,528	891	2,317	36,403	7,343	5,954	7,011

Source: 2014 JAR

*Listed hospitals have psychiatric admissions but JAR does not list type of admission

+ Psychiatric admissions

The 2014 JAR records 1852 total admissions to TrustPoint from the Primary and Secondary Service Areas. 1280 of those came from Rutherford and Bedford Counties, the Primary Service Area. (Chart 4) Chart 4 also indicates that Rutherford County (1,129) and Davidson County (250) had the largest number of individuals admitted to TrustPoint. A total of 667 were admitted from Bedford, Cannon, Coffee, Williamson and Wilson Counties. (Chart 4).

Chart 4: 2014 Total Admissions to Trustpoint by County*	
County	Total Admissions
Bedford	151
Cannon	56
Coffee	138
Davidson	250
Rutherford	1,129
Williamson	71
Wilson	57
Total	1,852

Source: 2014 JAR

*Type of admission not available in JAR

The occupancy rate of hospitals in the Secondary Service Area has changed in 2012-2014 from a decrease of 71% at Stones River to an increase of 15.9% at Skyline. St. Thomas, Vanderbilt and Rolling Hills experienced a negative percent change; Skyline increased by 15.9% with Centennial and MTMHI also experiencing an increase in

occupancy. (Chart 5). MTMHI reported a 85.6% occupancy in 2014 JAR and according to TDMHSAS data, a 89% occupancy rate in 2015. (Note that occupancy rates are not specific to specialty beds but rather all beds in a facility). TrustPoint reported a 60.2% occupancy rate in the 2014 JAR. In the application, for the first quarter of 2014, TrustPoint reported an average daily census (ADC) in the adult psychiatric unit of 40 and a 93% occupancy; in the geriatric unit for first quarter of both 2015 and 2016, an ADC of 23.6 and a 84% occupancy. There were 1608 total admission in the 18-64 age range and 639 65+ in 2015. Of the admission total, 1271 (79%) were 18-64 and were admitted involuntarily; 267 were 65+ and comprised 42% of the total admissions (Supplemental information #1 to TDMHSAS).

Chart 5: Percent Change in Occupancy: 2012 to 2014	
Hospital	% change
Stones River	-71%
Skyline	+15.9%
St. Thomas	-52%
Vanderbilt	-11.3%
Centennial	+4.3%
Rolling Hills	-6.6%
MTMHI	+6.7%

Source: 2014 JAR

Data Note: Reflects all beds in facility, not limited to specialty beds unless facility is a psychiatric facility.

The Applicant, citing a study on emergency department admission wait times in a local emergency department in the same three month period for two consecutive years, notes a number of factors related to emergency department overcrowding and long boarding periods for adult psychiatric patients, including but not limited to: lack of beds, lack of bed availability of specialty beds, lack of service lines, type or lack of payer source and discharge disposition. (“Impact on Emergency Department Boarding Time for Psychiatric Patients With and Without Mental Health Consultation-Liaison” Jeffrey D. Woods, Capstone Project submitted to American Sentinel University, January 27, 2016).

The Applicant reported a diversion from TrustPoint of 1762 persons for the six month period between October, 2015 and March, 2016 either for lack of available beds, lack of clinically appropriate bed availability, clinical acuity of the patient population, timing of bed availability related to discharge and admission patterns or lack of appropriate service line. Currently, there are no beds for children or adolescents in the Primary Service Area.

Potential Referrals

Data obtained from the TDMHSAS Office of Crisis Services (TDMHSAS 2015 Crisis Services Data) shows a growing need for inpatient psychiatric beds for individuals assessed by professionals who are department crisis services providers. The two state crisis services providers serving the applicant's Primary and Secondary Service Areas and other contiguous counties referred 5,200 individuals for involuntary hospitalization in 2015. State hospitals admitted 107 more individuals involuntarily in 2015 than 2014 from the service area. (Note that data from all four state hospitals for the service areas was used because referrals are diverted to another state hospital for admission when the receiving hospital has no bed availability). Specific data on involuntary admissions at other area hospitals is not available.

The incidence of opioid poisonings in the service areas is noted. According to TDOH data, from 2012-2014, there were 5 outpatient hospital discharges for opioid poisoning and 453 inpatient hospital discharges for opioid poisonings in Bedford and Rutherford Counties; the Secondary Service Area recorded 834 outpatient hospital discharges for opioid poisoning and 1786 inpatient hospital discharges for opioid poisoning (Chart 6). It is probable that at least some of these individuals would be served in TrustPoint's chemical dependency program. The Applicant does not propose adding medical detox beds.

Chart 6: Opioid Poisoning by County (2012-2014)		
County	Outpatient Hospital	Inpatient Hospital
Bedford	1	62
Rutherford	4	391
Cannon	1	40
Coffee	3	124
Davidson	826	1,211
Williamson	2	227
Wilson	2	184
Total	839	2,239

Source: TDOH Hospital Discharge Data, 2012-2014

Access

The Applicant reports that individuals in the proposed service area who require psychiatric services often have difficulty accessing those services due to lack of transportation and insufficient economic means to travel far distances for acute psychiatric care. Citizens of Bedford and Rutherford Counties are within thirty-five (35) miles of TrustPoint compared to driving times in excess of one or more hours for facilities in counties outside the Primary Service Area. Services for the proposed population at TrustPoint will allow service access close to home, family, personal

physician, outpatient service provider and other supports. Providing services to individuals in the community in which they live is a concept that TDMHSAS has historically supported and continues to support. The Applicant also correctly points out that serving the psychiatric population in a hospital where co-morbidities can be readily addressed is an effective approach to both medical and psychiatric care, especially for geriatric psychiatric patients.

Impact on Existing Services

The Applicant does not expect any negative impact on existing services. TDMHSAS notes that if TrustPoint accepts emergency involuntary admissions of adult acute patients, the admissions and occupancy rate at MTMHI could be reduced.

Staffing and Recruitment

The Applicant indicates that initial staffing is currently available with new staff added as census increases. According to the U.S. Department of Health and Human Services, all of Bedford County is a Medically Underserved Area, and one tract in Rutherford County is a Medically Underserved Area; both counties are listed with health professional shortage areas.

TDMHSAS has reviewed the staffing information submitted and recognizes that a thorough review is limited without specific information on program models. With that consideration, the staffing types, numbers and ratio appear appropriate to the service lines proposed.

To address staffing, the Applicant has training affiliations with Belmont, ETSU, MTSU, Motlow College, TSU and Volunteer State (However, none of these affiliations currently have on-site clinical training and practicum for the proposed specialty areas). The Applicant also regularly recruits in newspapers, recruitment web sites, work fairs, and direct applications. Acadia also has other unspecified affiliations from which to draw staff (page 52, original application).

Proposed Units

According to the application, TrustPoint proposes to have the following specialty units in the existing building: first floor: 18 bed medical psychiatry/detox, 24 bed physical medicine/rehabilitation; second floor: 31 bed psychiatric unit for SMI, 28 bed general psychiatry. The new building will contain the following units: first floor: 14 bed inpatient child psychiatry unit and 14 bed inpatient adolescent psychiatry unit; 36 bed inpatient gero psychiatric unit; 16 bed child residential unit and 16 bed adolescent residential unit. Second floor: 28 bed affective disorder unit and 24 bed co-occurring disorder unit.

There are currently no child or adolescent psychiatry services in Rutherford and Bedford Counties. The proposed construction will include 28 beds for this population (14 child beds/14 adolescent beds) in distinct and separate space for child and adolescent services.

In general the layout of the proposed building is well-designed with multiple day/group/activity space, plus dining space on each unit. Very appropriately, the geropsychiatric program is located on the first floor which facilitates evacuation and minimizes the movement through the building of patients who may have some mobility issues. It also is useful for the child and adolescent units to be on the first floor since these patients are most likely to be utilizing the off-unit activity spaces located on that floor.

Transfer Agreements

TrustPoint's application lists two current transfer agreements: one with Middle Tennessee Medical Center and one mutual aid MOU (2014) with Rolling Hills for disaster medical preparedness. There are no current agreements with MTMHI or other psychiatric services providers (except the noted Rolling Hills MOU for disaster medical preparedness). The Applicant lists in Supplemental #3, a professional relationship with St. Thomas Rutherford to share best practices, policy development, interventions, staff training, shared medical staff, and disaster planning.

B: Quality Standards

TrustPoint holds a current license from the Tennessee Department of Health. It is also accredited by The Joint Commission and has CMS certification. The applicant expects to continue these accreditation, licensure and certification and as such would continue to meet quality measures of the state health plan as required under TCA Section 68-11-1609(b). There are no outstanding deficiencies in licensure, accreditation or certification.

C: Contribution to the Orderly Development of Health Care

From this review, there appears to be a need for additional inpatient psychiatric beds in the proposed Primary Service area, particularly for child and adolescent, acute adult and chemical dependency. We positively note that the facility will accept individuals who require acute psychiatric care without regard to the payor source, and those needing involuntary hospitalization as well as those with co-morbid conditions. TrustPoint will also serve the TennCare, Medicare and indigent populations, all having a potentially positive impact on the community and healthcare system by

making inpatient psychiatric services available at the local level that allows for increased family involvement and increased involvement with support systems and aftercare providers in the treatment process. New beds in the proposed Service Areas could help reduce involuntary commitment referrals currently being made to state hospitals and improve access to appropriate inpatient psychiatric beds so that long emergency room waits for an available inpatient psychiatric bed can be minimized.

D: Conclusion

TDMHSAS supports the TrustPoint application for a behavioral health hospital to provide acute adult inpatient psychiatric, chemical dependency and children and adolescent services in distinct units designed to address their unique needs. This project will also continue to support services to low income individuals, TennCare and Medicare enrollees and those in need of emergency involuntary hospitalization in a facility near the proposed Primary Service Area.